

ANNUAL REPORT 2020







MERRYLANDS RSL CLUB LIMITED

ACN 000 926 358 | Annual Financial Report 31 December 2020



Chairman's Report

Ron Hand JP



Hello, and welcome to my Presidents Report in association with the 2020 Annual Report. I would like to reflect briefly on some of the major events that have happened since our last AGM in August 2020.

The continuing COVID-19 pandemic has generated strong community acceptance of social restrictions, and none more so than our hospitality industry. When our club experienced a two-day shut-down in January, we had procedures ready to implement to combat any adverse effects.

There is no doubt that COVID-19 has had some effects on our trading performance for the year. The

final results have reflected a turn down of incoming revenue, but have been offset by reductions in operating expenses. It was pleasing to see the nett result being almost equal to the previous year which was a good outcome, considering that it could have been a lot worse. The performance of Club Umina has been outstanding with a contribution of over \$700,000 (\$300,000 in 2019) to the combined bottom line. Congratulations to Paddy and her team for the hard work in achieving this result.

Some of the underlying strategies that were used to counter the reduced gaming activity included a reduction in member's services. The



enforced closure of the very popular Signatures buffet has not helped our situation. However, a strategy is being put in place to restart it in another format over the coming year when it will be relocated to the first floor.

Club membership has plateaued over the past two years at around 35,000 members, down from the dizzy heights of 75,000 in 2018. This has been a deliberate approach to cut administration costs to service the communication needs of a large data base.

The Board has implemented the 2021 version of the strategic management plan that should provide the guidance for the next three

years. Elements within the plan cover the basic business departments of Merrylands RSL and Club Umina, and address what, where and when we will be during that period. It is being periodically tested and reported at the monthly Board meetings as a means of checking off commitments when they become due.

The value of Community Support provided by Merrylands RSL and Umina has continued to be intact, but a little lower than the previous year because of the down turn of income. Club Grants and other donations were the primary vehicle for our contributions and totalled \$759,417.

The Federal Government's JobKeeper scheme provided substantial relief to our wages bill during our ten week closure. A total of \$1.118M in relief payments were passed on to the club, and kept their jobs secure. There can be little doubt that many other hospitality businesses would have failed without that subsidy.

I look forward to a bigger and brighter future as Australia's economy regains some of the losses from the COVID-19 era, and the vaccine roll out gains momentum. The run off effects will filter into our hospitality industry.

In closing, on behalf of the members and Board, I would like to offer our appreciation

to our CEO Bryn Miller and management team for their hard work to keep our club headed in a positive direction.

To those who have lost loved ones, I would like to offer our most sincere condolences, or have family and friends in hospital, we wish them a speedy recovery.

Ron Hand JP
Chairperson



CEO's Report

Bryn Miller



The year of 2020 will go down in the history books for many as one of the most life changing periods of time in recent memory. The way we now live and go about our days has completely changed; however in some respects for the better. During the year, which saw the Club shut for over 10 weeks, and then trade with reduced capacity limits, showed the resilience of our community, members and staff to rally together and help us get through this challenging time. The events of 2020 gave the Board and Management an opportunity to self-evaluate many daily activities including hygiene and cleanliness practices. Looking at member's feedback, it is quite evident that they were appreciative and enjoyed seeing an enhanced cleaning schedule, sanitization and health related entry requirements. MRSL has

embraced these changes and will continue to implement these going forward into the future; regardless of the events here and around the world. These are good habits for both members and staff to undertake as they ensure a safe and healthier Club environment.

In the Financial documentation included in this report, you will see a strong bottom line for 2020, which highlights the Boards main focus over the years of having a strong cash flow and low operating costs. Management were quick to react to the 10 week closure, ensuring our outgoings were kept to a minimum to allow for any further unprecedented closures. The Governments JobKeeper scheme helped our ability to continue operating once things slowly returned to normal. Similarly, the strong support of our members



through this time with their repeat patronage ensured the Club still had the capacity to trade profitably. Furthermore, we are very proud of the commitment to our staff during this time as we strived to ensure they had full access to their leave entitlements and those who did not have much or were not eligible for government assistance, were able to work in different areas of the Club to ensure they were receiving a source of income over those 10 weeks.

Looking ahead, Stage 2 of our masterplan is in full effect as we gear up to begin demolition works to prepare for the construction of the new area on the ground floor, as well as the new eateries on Level 1. Extensive planning has occurred to ensure efficient construction and minimal disruption, with our target of completing these works within 12 months. This key

step in the masterplan will help diversify our catering options as well as prepare the space for the multistorey towers to be built in the future.

Throughout 2020, the Club faced many obstacles, however the hard work of the Senior Management team, helped our Club not only manage the hurdles, but flourish in some areas of the Club. Special mentions to David Kim for his tireless and diligent work he offers to the Club. He was a main figure in guiding the Club through the pandemic and the flow on effects of the virus. Also, Paddy Quigg and her exceptional management at Club Umina, helped develop and grow the Club to reach new heights. As well as Wayne Mar, and his leadership ensured sound financial decisions were made and the Club was sustainable for the foreseeable future. I also

would like to thank our Chairman Ron Hand, the Executive and the entire Board for their professional approach to help deliver a safe, successful and entertaining venue to our members.

Unfortunately, in 2020, Director Peter Hickey passed away. Peter was a well-regarded, active member of Club Umina and the Bowls community. He was elected onto the Advisory Committee in 2008 and then the Board of Directors in 2012. He held the role of Director for 7 years. He will be missed.

2020 saw the election of a new Board, bringing on 2 new Directors who have added enormous value since being elected. Tanya Murphy and Allan Ezzy have become great assets to Merrylands and Umina as their insight and direction will help guide the Club to more success.

Announcing his retirement from the Board in 2020, Syd Thode stepped down from his position after 12 years of being a Director. I thank Syd for his invaluable assistance and hard work over the years and wish him the best in the future.

Finally I would like to thank every one of you for their continued support throughout 2020. It was a challenging year for many around the world, however due to your amazing feedback, your Club has become a safe, secure and attractive venue for all to enjoy. We look forward to serving you in 2021.

Bryn Miller
Chief Executive Officer

DEVELOPMENT REPORT

The Development Committee at Merrylands RSL has been kept busy since the clubs last AGM addressing issues that have come about from a number of different sources. The number one of course has been to implement changes to the catering restaurant strategy as a result of the buffet style being restricted by the Health Authorities.

It was always part of our Masterplan to relocate Signatures to the first floor during the next Stage, but current circumstances have forced us to revisit the strategy and accelerate the demolition of the restaurant in two stages as soon as possible. Our architects and consultants have worked closely with Merrylands RSL to develop detailed design drawings that will enable major construction works to commence shortly. We anticipate that the process will make the new Ground Floor available by the end of the year.

Building works in and around the club have been fairly quiet over the past twelve months both at Merrylands and Club Umina. However, there has been an on-site presence by WP Projects for some of the time. We have seen some noticeable cosmetic changes carried out that include the closure of the Military Rd Entry and renovation of the car park entry on the ground floor east end. Other renovation and repair works to the back of house areas have been commissioned by senior management during the enforced shut down to keep them up to date. Solar panels are an

ongoing matter that the club often considers. An investigation is underway in our 2021 strategic plan to test the feasibility of introducing a limited form of energy saving when roof space becomes available when the Stage 2 is finished. The saved energy could be applied to some of the essential electrical services like computer back up power.

Club Umina's Masterplan includes for a substantial investment to the property over the next ten to fifteen years. Items such as a covered synthetic green, and introduction of a residential development are just a part of a ramp of measures designed to keep the club ahead in a very competitive demographic. The more immediate issues are the replacement of the roof sheeting and re pitching the fall off over the entire club. The Umina Gymnasium was formally opened in November 2020 and has proven to be very popular with the local community with memberships reported to be above expectation.

I would like to take this opportunity to offer the club's appreciation to all those involved with the Development Committee for their continued dedication for the benefit of both Merrylands RSL and Club Umina..



**Ron Hand, JP
Chairman, Development
Committee**

NOTICE OF

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE MERRYLANDS R.S.L. CLUB LIMITED **WILL BE HELD IN THE CLUB'S AUDITORIUM AT 8-12 MILLER STREET, MERRYLANDS ON SUNDAY MAY 2 2021 AT 9.30A.M.**

BUSINESS:

1. To confirm the Minutes of the previous Annual General Meeting.
2. To receive reports from the Board of Management.
3. To receive and consider the Financial Performance Report and Financial Report from the Auditor.
4. To deal with Business of which due notices has been given: -
 - (i.) Consider the following Ordinary Resolutions in relation to Directors & Members Benefits. (See the following pages).
 - (ii.) Consider the Ordinary Resolution Regarding Non-Core Property
5. To deal with any other General Business.

B. MILLER
CHIEF EXECUTIVE OFFICER

FIRST RESOLUTION:

That pursuant to the Registered Clubs Act:

- (a) the members hereby approve and agree to expenditure by the Club in a sum not exceeding \$150,000.00 until the next Annual General Meeting of the Club for the following:-
- (i) Reasonable expenditure incurred by Directors in travelling to and from Directors Meetings or other duly constituted Committee meetings as approved by the Board from time to time on production of invoices, receipts or other proper documentary evidence of such expenditure.
 - (ii) Reasonable expenditure in the form of a meeting allowance for each Director incurred with the attendance at Board or Committee Meetings in the course of that persons duties in relation to the Club.
 - (iii) Reasonable expenditure on a Merrylands R.S.L. Club Ltd. uniform for each Director or Officer of the Club who does not possess such items of clothing.
 - (iv) Reasonable expenditure of food and refreshments for each Director, Club officers and various guests of the Club who have previously attributed to the service of the Club and their partners at the following Club functions:-
 - The Board of Directors & Sub-Branch Dinner.
 - The Christmas Cabaret Night.
 - The Golden Oldies Luncheon.
 - Gallipoli Scholarship Luncheon
 - ANZAC & Remembrance Day Luncheons
 - Veterans Luncheon
 - (v) Provision of a Cab Charge Credit Card to all Directors to be used for attendance at Club Special functions, meetings and events as determined by the Board.
 - (vi) Reasonable expenditure for Directors entertaining guests who visit the Club, where the Board determines such expenditure is in the interests of the Club, including its commercial business.
 - (vii) Provision of reserved car parking at the Club for the President, plus additional spaces for Directors and Welfare Officer & Lucky Triple Eight Recipients.
 - (viii) Provision and payment of a mobile phone, to be used by the President, and the payment of the rental and operating charges of the home phone of the President, to assist the President in discharging his duties.
 - (ix) Provision of a Christmas hamper to each Director and each member who conducts welfare duties in the Club.
- (b) The Members acknowledge that the benefits in paragraph (c) above are not available to members generally but only for those who are Directors or other Officers of the Club.

SECOND RESOLUTION:

That pursuant to the Registered Clubs Act:

- (a) The Members hereby approve and agree to expenditure by the Club in a sum not exceeding \$165,000.00 for the professional development and education of Directors until the next Annual General Meeting and being:

- (i) The reasonable cost of seminars, educational workshops, and professional development courses.
 - (ii) The reasonable cost of food, travel & accommodation for not more than nine Officers of the Club and not more than six management staff attending: The RSL & Services Clubs Association Annual General Meeting & Conference and the RSL National Conference.
 - (iii) The reasonable cost of Directors and Officers attending, in Australian or Overseas, seminars, lectures, trade displays, commemorations and other similar events as may be determined by the Board from time to time.
 - (iv) The reasonable cost of Directors & Officers of the Club attending other Registered Clubs for the purpose of viewing and assessing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
 - (v) The reasonable cost of Directors and Officers of the Club attending any community or charity function as the representatives of the Club and authorised by the Board to do so.
- (b) The members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors or other Officers of the Club.

THIRD RESOLUTION:

- (a) That pursuant to Section 10(6) (b) of the Registered Clubs Act, 1976 the Members agree to the payment of the following honoraria for the period until the next Annual General Meeting:-
- (i) President \$1083 per month = \$13,000 pa
 - (ii) Vice-Presidents, \$750 each per month = \$9,000 pa
 - (iii) Directors, \$500 each per month = \$6,000 pa
- (b) The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors or other Officers of the Club.

FOURTH RESOLUTION:

That pursuant to the Registered Clubs Act:

- (a) The Members hereby approve and agree to expenditure in a sum not exceeding \$10,000.00 and being:-
- (i) The Pension subsidy for Club members after five years continuous membership to the Club.
 1. Full Member Pensioner.
 2. Full Member 25 yr.
 3. Life Member Club 25yr.
 - (b) The Members hereby approve and agree to the payment of \$200.00 Mortality Benefit Payment to members who were registered joining the Club before February 1st 1979.
 - (c) The Members acknowledge that the benefits in paragraph (a) & (b) above are not available to members generally but only for those members listed in the above categories of membership of the Club.

FIFTH RESOLUTION:

That pursuant to the Registered Clubs Act:

- (a) The Members hereby approve and agree to expenditure in a sum not exceeding \$12,000 and being:-
- (i) The RSL Widow's Christmas Gift Vouchers valued at \$75 each paid to wives (who are current financial members of the Club) & whose late husbands were financial RSL Members.
- (b) The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those members listed in the above categories.

SIXTH RESOLUTION:

The pursuant to the Registered Clubs Act:

- (a) The Members hereby approve and agree to expenditure for "Length of Service" to retiring Board Members or in the event of the death of a Director whilst serving in office expenditure towards the cost of a "Wake" held at the Club as per formula listed below not exceeding \$2,000 per individual:-

Years of Service	Value of Gift		Death In Office
5 yrs	Nil		Nil
5 + yrs	\$500 + \$100 pa	OR	\$500 + \$100pa
10 yrs	\$1,000		\$1,000
20 + yrs	\$2,000		\$2,000

- (b) The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors of the Club.

SEVENTH RESOLUTION:

- (a) That pursuant to Section 10(6) (b) of the Registered Clubs Act, 1976 the Members agree to the payment of the following honoraria for the period until the next Annual General Meeting:-

Umina Beach Men's Bowling Club:

Men's Bowls	Honorariums	Allowances	Recommended Payments	Total
President	\$1,200 p.a.	\$900 p.a.	-	\$2,100 p.a.
Bowls Secretary	\$5,500 p.a.	\$1,260 p.a.	\$2,500	\$9,260 p.a.
Assistant Bowls Secretary	\$2,200 p.a.	\$660 p.a.	-	\$2,860 p.a.
Secretary	\$750 p.a.	\$900 p.a.	-	\$1,650 p.a.
Treasurer	\$750 p.a.	\$900 p.a.	-	\$1,650 p.a.
Vice-Presidents x 2	\$300 p.a.	-	\$300 p.a.	\$1,200 p.a.
Match Chairman	-	\$660 p.a.	-	\$660 p.a.
Committee member x 3	-	-	\$300 p.a.	\$900 p.a.
Selectors x 5	-	-	\$800 p.a.	\$800 p.a.
Umpires	-	-	\$1,600 p.a.	\$1,600 p.a.
Coaches	-	-	\$50 p.a.	\$50 p.a.
Welfare Officer	-	-	\$1,380 p.a.	\$1,380 p.a.
Publicity Officer	-	-	\$110 p.a.	\$110 p.a.

- (b) The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors or other Officers of the Club.

EIGHTH RESOLUTION:

- (a) That pursuant to Section 10(6) (b) of the Registered Clubs Act, 1976 the Members agree to the payment of the following honoraria for the period until the next Annual General Meeting:-

Umina Beach Ladies Bowling Club:

An annual estimated maximum amount of \$4,647.50 in honoraria and payments.

Ladies Bowls	Total p.a.
President	\$550.00 p.a
Vice-Presidents x 2	\$440.00 p.a
Secretary	\$550.00 p.a
Treasurer	\$440.00 p.a
Delegate	\$55.00 p.a
Match C/P	\$220.00 p.a
Match Committee	\$220.00 p.a
Selection C/P	\$220.00 p.a
Selection Committee	\$440.00 p.a
Social C/P	\$220.00 p.a
Social workers	\$660.00 p.a
Welfare	\$82.50 p.a
Communications	\$55.00 p.a
Website	\$55.00 p.a

- (b) The Members acknowledge that the benefits in paragraph (a) above are not available to members generally but only for those who are Directors or other Officers of the Club.

NINTH RESOLUTION:

NON-CORE PROPERTY RESOLUTION

"That the members declare, for the purposes of section 41E of the Registered Clubs Act 1976 (NSW), that part of the land known as Club Umina located at 5 Carawa Street, Umina Beach, consisting of lot 480 in Deposited Plan 755251, and being only that part of the land on which the new gymnasium building is constructed, including the gymnasium building itself, not to be core property of the Club."

Explanatory Notes:

- The Non-Core Property Resolution is to declare, for the purposes of section 41E of the Registered Clubs Act 1976 (NSW) (Registered Clubs Act), part of the Club's land known as Club Umina located at 5 Carawa Street, Umina Beach and consisting of lot 1 in Deposited Plan 755251, being that part of the land on which the new gymnasium building is constructed, including the gymnasium building itself, not to be core property of the Club.
- At present, the whole of Club Umina is 'core property' of the Club under the Registered Clubs Act. Under section 41E(6) of the Registered Clubs Act, 'core property' includes:
 - the (licensed) premises of the Club;
 - any facility provided by the Club for the use of its

members and their guests; or

- c) any other property declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the Club, to be core property,

unless it has been declared not to be core property by resolution of the ordinary members of the Club in General Meeting.

- 3. Under section 41E of the Registered Clubs Act 'core property' cannot be disposed of (which under section 41E includes by sale, a lease or a licence) unless:

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

except in circumstances specified in the Registered Clubs Regulation 2015 (NSW), (Registered Clubs Regulation), which does not cover all aspects of developments undertaken by a registered club.

- 4. Clause 29B of the Registered Clubs Regulation contains a list of exceptions to compliance with section 41E for the disposal of core property of a registered club. These exceptions include leasing of core property for a period of up to 10 years (including any options of renewal), subject to a valuation by a qualified valuer being obtained.
- 5. If the Non-Core Property Resolution is passed, then the Club will be able to vary the existing lease to grant a longer term to the tenant and in return negotiate a higher rental for the gymnasium building. The Board considered a lease of the Gymnasium Land of up to 20 years but this was constrained by the Registered Clubs Act and Registered Clubs Regulation. However, this is optional and subject to discussions with the tenant, and if the Non-Core Property Resolution is passed the Board can consider the commercial terms of any lease of the Gymnasium Land which is appropriate at the time of any future negotiations.
- 6. The existing lease to Francis Health & Fitness Pty Ltd provides additional income to the Club from the Club Umina site whilst also providing an additional facility which can be used by members and guests and members of the public.
- 7. The Gymnasium Land is part of the overall lot and title of the Club Umina site. Therefore, it cannot be sold or transferred without a subdivision of the Umina site. The Board has no intention of either subdividing the Umina site or selling or transferring the Gymnasium Land or the Umina site.
- 8. Under section 41E of the Registered Clubs, all Ordinary (and Life) Members are eligible to vote on the Non-Core Property Resolution.
- 9. To be passed, the Non-Core Property Resolution must receive votes in its favour from not less than a simple majority of those members, who being entitled to do so, vote in person at the meeting.

NOTES TO MEMBERS:

- 1. These notices are to be read in conjunction with the proposed Resolutions: To be passed each ordinary resolution must receive votes in its favour from not less than a simple majority of those members, who being entitled to do so, vote in person at the Meeting.

By Direction of the Board

B. MILLER
CEO

Dated: 15-03-2021

ATTENTION MEMBERS:

At the Annual General Meeting any member will have the opportunity of asking questions concerning the accounts.

It is requested however, that those members requiring an in-depth explanation, which would need some research, give notice in writing to the CEO by 5pm on Friday April 23 2021.

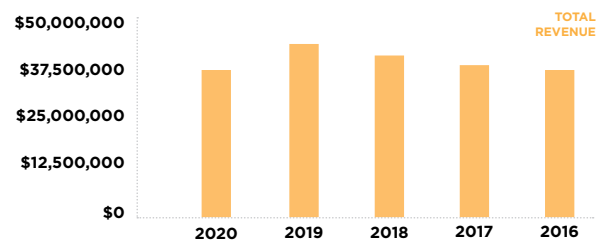
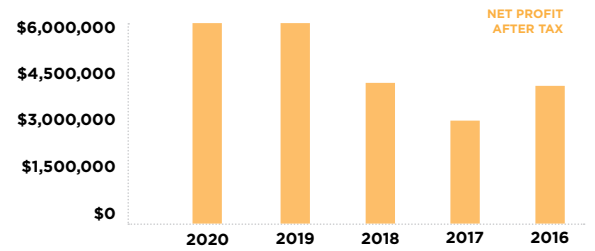
Written enquires will be dealt with at the Meeting and in no way will restrict any member requesting clarification from the floor of any items shown in the Financial Statement.



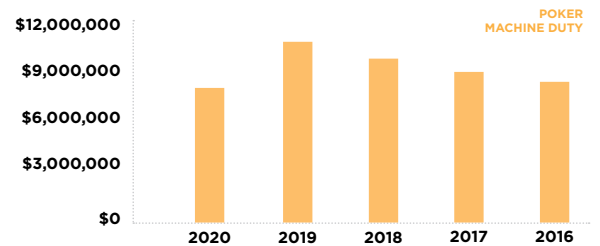
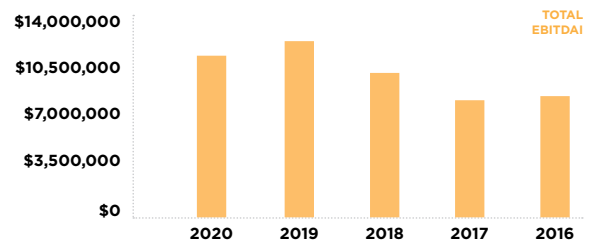
Financial Report

Wayne Mar

In all the years, I've worked in the industry, 2020 has got to be the most challenging. COVID-19 created situations, that no one had ever expected and truly tested the strength and ability of our team. They passed with flying colours, to produce a great result for the Club, especially at Umina. Resulting in a consolidated net profit after tax for the year of \$5,999,578 compared with \$5,991,515 for the prior year.



This is after charging \$5,123,201 (2019 - \$5,532,576) for depreciation and amortisation, and before charging \$212,055 (2019 - \$343,160) for income tax.



Even with 10 weeks of closure, and many uncertainties, we are able to maintain a healthy EBITDAI, to help with future building stages. Which will provide our members a nice, comfortable Club that they can be proud of. Special mention must go to our Umina brigade, who have achieved remarkable results, under trying circumstances and under the leadership of Paddy Quigg. Our Umina members should be very grateful, for what they have achieved.

In closing special thanks to the Board of Directors, CEO Bryn Miller, Senior Managers and all the staff for their fine efforts and a job well done again this year. Also, a big thank you to our loyal members for their support in the past and in the future.

Wayne Mar - B.Bus CPA
CHIEF FINANCIAL OFFICER

Directors' Report

Directors

The directors present their report, together with the financial statements of Merrylands RSL Club Limited (the Company) for the year ended 31 December 2020.

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

Name	Occupation	Years of Experience
Ronald James Hand (<i>President</i>)	Retired	27 years
Stephen Cunningham (<i>Vice-President</i>)	Retired	16 years
George Salisbury (<i>Vice-President</i>)	Retired	20 years
Eric William Michelmores (<i>Director</i>)	Retired	24 years
Robert Ernest Shorrock (<i>Director</i>)	Deceased (30/10/2019)	14 years
Peter Francis Harding (<i>Director</i>)	Retired	14 years
Sydney Alfred Thode (<i>Director</i>)	Retired - Resigned (09/8/2020)	12 years
Peter Ross Hickey (<i>Director</i>)	Deceased (19/03/2020)	8 years
Roger Ford (<i>Director</i>)	Retired	5 years
Allan Ezzy (<i>Director</i>)	Retired - Appointed (9/8/2020)	1 year
Tanya Murphy (<i>Director</i>)	Solicitor - Appointed (9/8/2020)	1 year

Directors' meetings

The number of meetings of the Company's Board of Directors (the Board) and of each board committee held during the year ended 31 December 2019, and the number of meetings attended by each director were:

Director	BOARD MEETING		SUB-COMMITTEE MEETINGS	
	Number of Meetings Attended	Number of Meetings Held *	Number of Meetings Attended	Number of Meetings Held *
R Hand	13	13	26	26
S Cunningham	13	13	24	24
G Salisbury Deceased 27/08/2020	5	13	9	10
E Michelmores	13	13	21	21
S Thode Resigned 09/08/2020	4	9	2	2
P Harding	13	13	11	11
P Hickey Deceased 19/03/2020	-	2	-	-
R Ford	13	13	6	6
A Ezzy Appointed 09/08/2020	5	5	2	2
T Murphy Appointed 09/08/2020	5	5	2	2

*Number of meetings held where each Director was entitled to attend during the time they held office throughout the year.

Membership

The company is a Company limited by guarantee and is without share capital. The number of members as at 31 December 2020 and the comparison with last year is as follows:

Name	2020	2019
Ordinary	35,857	54,357
	35,857	54,357

Members' limited liability

In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the Company during the time that he/she is a member or within one year thereafter. The total members' limited liability is \$179,285 (2019: \$271,785)

Operating result

The table below shows a reconciliation of Merrylands RSL Club Limited's earnings before interest, income tax, depreciation, amortisation and impairment losses. This is referred to as EBITDAI.

	2020	2019
	\$	\$
Net profit after income tax expense attributable to members	5,999,578	5,991,516
Add back:		
Depreciation and amortisation expense	5,123,201	5,532,575
Finance cost	17,405	151,810
Income tax expense	212,055	343,160
EBITDA	11,352,239	12,019,061

Objectives

Short term

The Club's objectives are to assist generally in the promotion, conduct and propagation of a Community based organisation that was founded for the care and commemoration of the RSL members and their families.

Further short term objectives are to provide for the use of members and their guests a great Community Club with a commitment to ensuring the club is focused with service orientated employees continuously seeking to improve the clubs services, facilities and amenities for all to enjoy.

Long term

To continuously plan to improve our clubs services, facilities and amenities for our members ensuring that the company's pursuit of its objectives can be achieved via existing and future business segments whilst maintaining sustained growth and sound financial cash flow, creditworthiness, earnings growth and an acceptable return on investment.

Strategy for achieving the objectives

The Club conducts an annual Strategic Review of its operation and undertakes a number of strategic actions to achieve these objectives such as providing:

- Providing Great Facilities
- Developing and Providing Training for our Staff and Management
- Customer Focused Organisation
- Growing our Business
- Caring for the Community
- Improving Operational Efficiencies
- Supporting Local Sports

Principal activities

The principal activities of the Company during the year have continued to be that of licensed social clubs.

Objectives (CONTINUED)

Performance measurement and key performance indicator

The Club's financial performance is measured against the annual budget, previous year's results and benchmark data from the club industry.

Financial performance measures include:

- Earnings before Interest, Taxation, Depreciation and Amortisation, and Impairment (EBITDAI)
- Wage percentages to Income
- Expense percentages to Income
- Gross Profit percentages
- Cash Flow

Non-financial performance measures include:

- Mystery shoppers
- Members' feedback
- Market research
- Patronage numbers

Director's Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 17.

Signed in accordance with a resolution of the directors.

Dated at Merrylands this 24th day of February 2021.



R J HAND
Director

Declaration of independence by CLAYTON EVELEIGH to the directors of Merrylands RSL club limited

As lead auditor of Merrylands RSL Club Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



Clayton Eveleigh
Director

BDO Audit Pty Ltd
Sydney, 24 February 2021

Independent Auditor's Report

To the members of Merrylands RSL Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Merrylands RSL Club Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Merrylands RSL Club Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our auditor's report.

BDO Audit Pty Ltd



Clayton Eveleigh
Director
Sydney, 24 February 2021

Directors' Declaration

The directors of Merrylands RSL Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 31, are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.
Dated at Merrylands this 24th day of February 2021



R J HAND
Director

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 December 2020

	Note	2020	2019
		\$	\$
Revenue and other income			
Sale of goods		2,172,450	3,583,659
Rendering of services		33,528,589	39,961,793
Other revenue		596,794	922,745
Other income		112,145	2,916
Total revenue and other income	1	36,409,978	44,471,113
Expenses			
Cost of sales		(939,611)	(1,618,617)
Employee benefits expense		(6,043,085)	(8,115,851)
Entertainment, marketing and promotional costs		(3,626,053)	(5,349,238)
Poker machine licences and taxes		(8,258,593)	(10,005,107)
Donations		(759,417)	(913,799)
Occupancy expenses		(4,226,264)	(4,684,669)
Other expenses		(1,204,716)	(1,764,771)
		(25,057,739)	(32,449,136)
Earnings before depreciation and amortisation expense, finance costs and impairment losses		11,352,239	12,019,061
Depreciation and amortisation expenses	2(a)	(5,123,201)	(5,532,576)
Finance costs	2(a)	(17,405)	(151,810)
Profit before income tax		6,211,633	6,334,675
Income tax expense	3(a)	(212,055)	(343,160)
Net profit after income tax expense attributable to members		5,999,578	5,991,515
Other Comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
Total profit or loss and comprehensive income for the year		5,999,578	5,991,515

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 22 to 32.

Statement of Financial Position

As at 31 December 2020

	Note	2020	2019
Current Assets		\$	\$
Cash and cash equivalents		19,211,133	13,489,347
Trade and other receivables		227,910	285,663
Other financial assets		2	2
Current tax assets	3(b)	3,953	-
Inventories		122,161	139,971
Prepayments		145,974	296,422
Total Current Assets		19,711,133	14,211,405
Non-Current Assets			
Property, plant and equipment	4	61,492,589	61,450,018
Right-of-use Asset	5	362,209	467,274
Investment property	6	1,089,402	1,175,144
Deferred tax assets	3(c)	48,570	48,908
Intangible assets	7	5,580,017	5,580,017
Total Non-Current Assets		68,572,787	68,721,361
Total Assets		88,283,920	82,932,766
LIABILITIES			
Current Liabilities			
Trade and other payables	8	2,840,533	2,966,219
Financial liabilities	9	189,049	-
Lease liabilities	10	784,776	784,776
Current tax liabilities	3(b)	-	133,792
Employee benefits	11	1,517,671	1,275,109
Income received in advance		73,071	67,575
Total Current Liabilities		4,620,324	5,227,471
Non-Current Liabilities			
Employee benefits	10	62,410	103,687
Total Non-Current Liabilities		62,410	103,687
Total Liabilities		4,682,734	5,331,158
Net Assets		83,601,186	77,601,608
Members' Funds			
Retained profits		83,601,186	77,601,608
Total Members' Funds		83,601,186	77,601,608

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 22 to 32.

Statement of Changes in Members' Funds

For the Year Ended 31 December 2020

	Retained Profits	Total Members Funds'
	\$	\$
Balance at 1 January 2020	71,610,093	71,610,093
Net profit for the year	5,991,515	5,991,515
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,991,515	5,991,515
Balance at 31 December 2020	77,601,608	77,601,608
Net profit for the year	5,999,578	6,211,633
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,999,578	6,211,633
Balance at 31 December 2020	83,601,186	83,813,241

Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers (GST inclusive)	39,122,615	47,881,472
Payments to suppliers and employees (GST inclusive)	(28,072,209)	(36,449,058)
Interest received	44,273	123,482
Rent received	552,521	799,263
Finance costs paid	(17,405)	(151,810)
Income taxes paid	(349,462)	(349,596)
Net cash inflow from operating activities	11,280,333	11,853,753
Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	21,818	66,320
Payment for property, plant and equipment	(4,984,638)	(1,794,653)
Net cash outflow from investing activities	(4,962,820)	(1,728,333)
Cash Flows From Financing Activities		
Repayment of borrowings	-	(4,553,970)
Repayment of lease liability	(595,727)	(196,990)
Net cash outflow from financing activities	(595,727)	(4,750,960)
Net increase in cash and cash equivalents	5,721,786	5,374,460
Cash and cash equivalents at the beginning of the financial year	13,489,347	8,114,887
Cash and cash equivalents at the end of the financial year	19,211,133	13,489,347

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 22 to 32.

Notes to the Financial Statements For the Year Ended 31 December 2020

For the Year Ended 31 December 2020

About this report

Merrylands RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Merrylands RSL Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 24 February 2021.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards – Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on a going concern basis.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business – for example, acquisitions and

impairment write downs; and

- It relates to an aspect of the Company's operations that is important to its future performance

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 4 & 6
Impairment	Note 4 & 6
Intangible assets	Note 7
Incremental borrowing rate	Note 9
Long service leave liability	Note 10

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1. Revenue and Other Income

	2020	2019
Sale of Goods Revenue	\$	\$
Bar sales	2,137,810	3,309,437
Catering sales	34,640	274,222
	2,172,450	3,583,659
Rendering of Services Revenue		
Poker machines – net clearances	31,980,724	37,878,867
Entertainment and promotions	750,690	1,009,451
Keno and TAB commission	245,588	381,967
Commission received	256,958	315,353
Sundry income	294,629	376,155
	33,528,589	39,961,793
Other Revenues		
Interest revenue calculated using the effective interest rate method	44,273	123,482
Rent received	552,521	799,263
	596,794	922,745
Total Revenue	36,297,833	44,468,197
Other Income		
Gain on disposal of non-current assets	12,145	2,916
Government grant	100,000	-
Total Other Income	112,145	2,916
Total Revenue and Other Income	36,409,978	44,471,113

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Transfer Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises of revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at a point in time when the performance obligation is satisfied that is on delivery of goods to the customer.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised at a point in time when the services are provided.

Government Grants

Government grants are recognised as income when it is reasonably certain that the company complies with the conditions attached to them and when the right to receive payment is established. The company has elected to recognise grant income as an offset to the directly attributable expenditure in the financial statements where relevant. A total of \$1,881,000 of job keeper subsidies have been recognised as an offset within employee benefits expenses for the 31 December 2020 financial year.

Interest Revenue

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

Rental Revenue

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sale of Property, Plant and Equipment

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

2. Expenses

	2020	2019
	\$	\$
a. Profit before income tax includes the following specific expenses:		
Finance costs		
Bank loans	1,391	123,333
Interest on finance leases	16,014	28,477
	17,405	151,810
Depreciation and Amortisation		
Buildings and improvements	2,539,019	2,764,408
Poker machines	1,385,237	747,338
Plant and equipment	979,960	1,011,382
Forster holiday complex	28,178	28,178
Investment property	85,742	85,742
Right-of-use asset	105,065	895,528
Total depreciation	5,123,201	5,532,576
Net (gain)/expense from movements in provision for		
Employee benefits	179,866	(152,263)
Defined contribution superannuation expense	544,624	612,590

Recognition and Measurement

Finance Cost

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

	2019	2018
	%	%
b. Key Performance Indicators		
Bar - Merrylands RSL		
Gross profit percentage	56.65%	58.9%
Wages to sales percentage	59.32%	37.6%
Bar - Umina		
Gross profit percentage	57.07%	52.9%
Wages to sales percentage	21.93%	16.2%
Wages and salaries - percentage of total revenue	13.57%	16.9%
EBITDA percentage (before impairment)	31.18%	27.03%

3. Income Tax

	2020	2019
	\$	\$
a. Income Tax Expense		
The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.		
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	4,156,799	5,565,426
Less: Proportion of expenses attributable to non-members	(3,195,630)	(4,177,619)
Portion attributable to non-members	961,169	1,387,807
Add: Other taxable income	901,077	1,494,851
Less: Other deductible expenses	(1,091,421)	(1,271,365)
Net income subject to tax	1,611,293	1,611,293
Current income tax applicable to the above	211,977	483,388
(Over)/under in prior years	(260)	(130,170)
Decrease/(increase) in deferred tax assets	338	(10,058)
Income tax expense	212,055	343,160
b. Current Tax Liabilities		
Movements during the year:		
Balance at beginning of year	133,792	130,170
Income tax paid	(349,462)	(349,596)
Current year's income tax expense	211,977	483,388
(Over)/under provision in prior year	(260)	(130,170)
Current tax (assets) / liabilities	(3,953)	133,792
c. Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Employee benefits	48,570	48,908
Net deferred tax assets	48,570	48,908
Movements		
Opening balance	48,908	38,850
Charged to the Statement of Profit or Loss and Other Comprehensive Income	(338)	(10,058)
Closing balance	48,570	48,908

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, e.g. Poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure RSL and social clubs continue not to be taxed on receipts from contributions and payments received from members.

3. Income Tax (Continued)

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

4. Property, Plant and Equipment

	2020	2019
	\$	\$
Freehold Land, Buildings and improvements		
At cost	73,548,098	69,511,906
Accumulated depreciation	(20,373,787)	(17,834,768)
	<u>53,174,311</u>	<u>51,677,138</u>
Poker machines		
At cost	13,460,267	13,225,313
Accumulated depreciation	(10,713,379)	(9,506,667)
	<u>2,746,888</u>	<u>3,718,646</u>
Plant and equipment		
At cost	16,281,991	17,046,307
Accumulated depreciation	(12,263,691)	(12,480,698)
	<u>4,018,300</u>	<u>4,565,609</u>
Forster holiday complex land and buildings		
At cost	1,321,209	1,321,209
Accumulated depreciation	(647,288)	(619,110)
	<u>673,921</u>	<u>702,099</u>
Work in progress		
At cost	879,169	786,526
Total property, plant and equipment net book value	<u>61,492,589</u>	<u>61,450,018</u>

Valuation

The independent valuations of the company's freehold land and buildings were carried out as at December 2018 on the basis of open market value for existing use. As freehold land, buildings and plant and equipment are recorded at cost the valuations have not been brought to account. The directors do not believe that there has been a material movement in fair value since the valuation date.

4. Property, Plant and Equipment (Continued)

	2020	2019
	\$	\$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Freehold land, buildings and improvements		
Carrying amount at beginning of year	51,677,138	54,398,656
Additions	4,000,654	42,890
Transfer from work-in-progress	35,538	-
Depreciation expense	(2,539,019)	(2,764,408)
Carrying amount at end of year	53,174,311	51,677,138
Poker machines		
Carrying amount at beginning of year	3,718,646	2,191,597
Additions	419,625	638,599
Depreciation expense	(1,385,237)	(747,338)
Transfer from Leased assets to Poker machines	(6,146)	1,635,788
Carrying amount at end of year	2,746,888	3,718,646
Plant and equipment		
Carrying amount at beginning of year	4,565,609	5,125,243
Additions	436,178	518,068
Disposals	(3,527)	(66,320)
Depreciation expense	(979,960)	(1,011,382)
Carrying amount at end of year	4,018,300	4,565,609
Forster holiday complex land and buildings		
Carrying amount at beginning of year	702,099	730,277
Depreciation expense	(28,178)	(28,178)
Carrying amount at end of year	673,921	702,099
Work in progress		
Carrying amount at beginning of year	786,526	692,705
Additions	128,181	93,821
Transfer to buildings & improvements	(35,538)	-
Carrying amount at end of year	879,169	786,526

4. Property, Plant and Equipment (Continued)

Core properties held by the Club are:

Merrylands

8-12 Miller Street, Merrylands NSW 2160

Umina Beach

Melbourne Avenue, Umina Beach NSW 2257

Forster

6-12 Lake Street, Forster NSW 2428

Non-core properties held by the Club are:

Merrylands

Units 1-7 & 9-12

1 Newman Street, Merrylands NSW 2160

Recognition and Measurement

All property, plant and equipment (including Investment Property) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Property, Plant and Equipment

Buildings	50 years
Forster holiday complex land and buildings	20- 50 years
Plant and equipment	5 - 20 years
Poker machines	4 - 7 years

Investment Property

Buildings	50 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital works in progress is transferred to property, plant and equipment and depreciated when completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Key estimate and Judgement: Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Key estimate and Judgement: Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, investment property and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

5. Right-of-use Asset

	2020	2019
	\$	\$
Poker machines - Right of use		
At cost	467,274	467,274
Accumulated depreciation	(105,065)	-
	<u>362,209</u>	<u>467,274</u>
Movements in Carrying Amounts		
Movements in the carrying amounts between the beginning and the end of the current financial year are set out below:		
Carrying amount at beginning of year	467,274	2,497,315
Additions	-	501,275
Transfer from Leased assets to Poker machines	-	(1,635,788)
Depreciation expense	(105,065)	(895,528)
Carrying amount at end of year	<u>362,209</u>	<u>467,274</u>

5. Right-of-use Asset (Continued)

Recognition and Measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of

the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

6. Investment Property

	2020	2019
	\$	\$
Freehold land and buildings		
At cost	1,714,825	1,714,825
Accumulated depreciation	(625,423)	(539,681)
	<u>1,089,402</u>	<u>467,274</u>
Movements in Carrying Amounts		
Movements in the carrying amounts between the beginning and the end of the current financial year are set out below:		
Carrying amount at beginning of year	1,175,144	1,260,886
Depreciation expense	(85,742)	(85,742)
Carrying amount at end of year	<u>1,089,402</u>	<u>1,175,144</u>

Recognition and Measurement

Investment properties consist of properties held for long term rentals and/or capital appreciation and properties being constructed or developed for future use as investment properties. Investment properties are initially recognised at cost including transaction costs, development costs, construction costs and interest incurred during the construction phase.

Valuation Basis

The independent valuations of the company's investment properties were carried out as at December 2014 on the basis of open market value for existing value. As investment properties are recorded at cost the valuations have not been brought to account. The directors do not believe that there has been a material movement in fair value since the valuation date.

7. Intangible Assets

	2020	2019
	\$	\$
Poker machine entitlements		
At valuation	<u>5,580,017</u>	<u>5,580,017</u>

Recognition and Measurement:

Poker machine entitlements are not amortised as they are deemed to have an indefinite useful life. They have an indefinite useful life as they do not expire and under current government legislation there is no plan to remove such entitlements. As a result, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Impairment Tests for Poker Machine Entitlements

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The company used the pre-tax cash flows generated from the poker machines net revenues

generated and calculated the present values of these future cash flows at an appropriate discount rate to arrive at the total value of these entitlements. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The value thus arrived, was in excess of the carrying value and accordingly no impairment losses were recognised.

Key Estimate and Judgement: Intangible Assets

Impairment of poker machine entitlements is recognised based on a value-in-use calculation and is measured at the present value of the estimated future cash flows available to the company from the use of these entitlements. In determining the present value of the future cash flows, assumptions regarding growth rates and appropriate discount factors have been applied to the cash flows.

8. Trade and Other Payables

	2020	2019
	\$	\$
Trade creditors	1,766,456	2,227,822
Goods and Services Tax (GST) payable	738,547	288,928
Other creditors and accruals	335,530	449,469
	<u>2,840,533</u>	<u>2,966,219</u>

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

9. Lease Liabilities

	2020	2018
Current		
Lease Liabilities	<u>189,049</u>	<u>784,776</u>

Recognition and Measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease

payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method.

The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Key Estimate and Judgement: Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate

is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

10. Employee Benefits

	2020	2019
	\$	\$
Aggregate liability for employee benefits including on-costs		
Current	1,517,671	1,275,109
Non-Current	62,410	103,687
Total employee benefits	<u>1,580,081</u>	<u>1,378,796</u>

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate	0.90%	1.70%
Discount rate	1.99%	2.53%

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

Recognition and Measurement

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date. The provision is calculated using expected future increases in wage and salary rates including related

on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Key estimate and judgement: Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

11. Contingent Liabilities

	2020	2019
Bank Guarantees		
The company has given the following bank guarantees:		
TAB Limited	20,000	10,900

12. Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

R Hand
S Cunningham
G Salisbury - Deceased (27/08/2020)
P Harding
S Thode - Resigned (09/08/2020)
P Hickey - Deceased (19/03/2020)
R Ford
A Ezzy - Appointed (9/8/2020)
T Murphy - Appointed (9/8/2020)

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Bryn Miller	Chief Executive Officer
Wayne Mar	Chief Financial Officer
David Kim	Group Operations Manager
Chris Debrincat	Group Gaming Manager

(c) Key Management Personnel Compensation

	2020	2019
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel	1,313,916	1,395,071

13. Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 12.

Directors' Transactions with the Company

From time to time directors of the company may purchase goods from the company or participate in other Club activities. These purchases and participations are on the same terms and conditions as those entered into by any other member of the Club. Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

14. Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the Company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the Company during the time that he/she is a member or within one year thereafter. At 31 December 2020 there were 35,857 members.

The registered office of the Company is 8-12 Miller Street, Merrylands NSW 2160.

15. Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years

16. Summary of Other Significant Accounting Policies

Goods and Services Tax

Revenues, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Cash and cash equivalents

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

Cash includes deposits for which there is a short term identified use in the operating cash flows of the Company, and attracts interest at rates between nil% and 1.5% per annum (2019: nil% and 1.75%). The Company has an unused asset finance facility of \$2,400,000 which remains unused at year end 31 December 2020.

Trade and other receivables

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

CLUB GRANTS RECIPIENTS

Merrylands RSL Club Group remains a strong supporter of the Cumberland community, touching the lives of many people. In 2020, MRSL Club is proud to have donated \$745,717 through ClubGrants, supporting a wide array of organisations ranging from medical research, health, local sporting groups, community services, local schools, and supports initiatives for Australia's servicemen and women.

- Ability Beyond Boundaries Ltd
- Arthur Phillip High School
- Australian Genie
- Autism Spectrum Australia
- Blacktown Youth Services Assoc Inc.
- Cerdon College
- Cerebral Palsy Alliance
- Cumberland City Council
- Cumberland Nursing Homes
- Granville Public School
- Granville Sth Creative & Performing Arts High School
- Greystanes High School
- Holdroyd Brass Band
- Holroyd Christian Ministers Fellowship
- Holroyd High School
- Holroyd Parramatta Blacktown Aust Afl Club
- Learning Links
- Lifehouse Australia
- Liverpool Hospital
- Merrylands High School
- Merrylands RSL Youth Club
- MRSL Camera Club
- MRSL Darts Club
- MRSL Dominoes Club
- MRSL Golf Club
- MRSL Indoor Bowls
- MRSL Lawn Bowls Club
- MRSL Mustang Club
- MRSL Rock N Roll
- MRSL Sub-Branch
- MRSL Tai Chi
- MRSL War Widows
- Parramatta Legacy
- Parramatta Rugby Club
- Parramatta West Public School
- Rural Aid Ltd
- St Pauls Catholic School
- Startts
- Sydney Morsecodian
- The 21st Century Empowerment Project
- The Northcott Society
- Toongabbie Legal Centre Inc.
- Veterans Benevolent Fund
- Youth Off The Streets
- Youthsafe
- Umina Beach Public School
- Umina Community Group
- Umina Surf Life Saving Club
- Umina United Soccer Club Inc
- Club Umina Fishing Club
- Umina Beach 100 Club
- Umina Beach Men`s Bowling Club
- Umina Beach Netball
- Umina TKT Netball
- Zone 5 RSL bowlers

Notes:



