

Penrith Gaels Cultural and Sporting Association Limited
ABN 97 002 474 713
(A Company Limited by Guarantee)

Annual Financial Report

For the year ended 30 June, 2020

Penrith Gaels Cultural and Sporting Association Limited
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Penrith Gaels Cultural and Sporting Association Limited
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DIRECTORS' REPORT

Your Directors submit the Financial Accounts of the Company for the year ended June 30, 2020 and report as follows:

Directors

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

Name	Continuity as Director of Club	Experience	Special Responsibilities
Noel Donohoe	14/11/1999	Travel Agent	President
Brendan Grieve	21/11/2004	Builder	Vice-President
Tony O'Neill	30/10/2008	Service Manager	Treasurer
Tina Cullen	18/11/2007	Sales Representative	Secretary
John Grieve	*15/12/1996	Plumber	
Pat Cullen	13/11/2005	Company Director	
Michael Smith	18/11/2007	Fitter	

Mr John Grieve was President of the Club until when he resigned due to ill-health on February 24, 2017. He was able to recommence his duties as a director as from April 24, 2017.

Meetings of Directors

During the financial year, 24 meetings of directors were held. Attendances by each director were as follows:

Name	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Noel Donohoe	24	20
Brendan Grieve	24	22
Tony O'Neill	24	21
John Grieve	24	21
Pat Cullen	24	24
Tina Cullen	24	24
Michael Smith	24	19

Constitution

The Club is incorporated and domiciled in Australia. The Club is a company limited by Guarantee and without a Share Capital. The liability of members of the Licensed Club is limited (whilst a member or within one year afterwards) to an amount not exceeding fifty (\$50.00) dollars towards the payments of debts and liabilities in the event of winding up.

The number of members as at July 23, 2020 was:

Foundation:	420	Life Member	1	Ordinary Member	214
Permanent	177	Social Member	5,147		

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DIRECTORS' REPORT (cont.)

Principal Activities

Throughout the year the principal activity of the Company remained as a Licensed Social Club in the promotion of the Gaelic cultural, social and sporting activities.

Review of Operations

The Net Operating Profit for the year after providing for depreciation on non-current assets and income tax amounted to \$90,199 (2019: \$55,514).

A NSW Health edict required the Club to close on March 23, 2020 and it remained closed until June 1, 2020. Notwithstanding, the Club's performance for the year ended June 30, 2020 was satisfactory due to the support of its members, the Commonwealth government and the NAB. As a result the Club re-opened in reasonable financial health as it faces these challenging times.

Movement in significant items of revenue and expenses are as follows:

	2020	2019
	\$	\$
Poker Machine Trading Profit	1,099,907	1,287,823
Bar Trading Profit	513,531	385,294
Coronavirus Government Grant Income	261,786	-
Keno Trading (Loss)	(26,282)	(27,435)
TAB Trading (Loss)	(66,403)	(76,030)
Entertainment Trading (Loss)	(220,745)	(288,903)
Club Administrative Expenses	(1,278,695)	1,317,831

Significant Changes in the State Of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the Financial Year under review not otherwise disclosed in this Report or the Accounts.

Events Subsequent To Balance Date

The issues caused by the need to comply with the Coronavirus government regulations, the first recession for thirty years and the health concerns of our members will continue to make for challenging times. Notwithstanding, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company subsequent financial years.

Likely Developments and Expected Results of Operations

The Company will continue to pursue its strategic objective of remaining a welcoming and friendly Club that operates in a financially sustainable manner.

Environmental Regulation

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

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DIRECTORS' REPORT (cont.)

Dividends

The Club is a not for profit entity and is prevented by its constitution from paying dividends.

Core and Non-Core Property

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended June 30, 2020 the following land and buildings are considered to be non-core property with all other land and buildings being core property:

1,2,5,8/6-14 Phillip Street, Kingswood

Insurance of Officers

During the year, the Club paid a premium for a Directors and Officers liability insurance policy. The insurance policy provides cover for the directors named in this report, the Company secretary, officers and former directors and officers of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence

The Auditor's Independence Declaration for the year ended June 30 2020 has been received as shown on page 4 of the Financial Report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Noel DONOHOE
Director

Brendan GRIEVE
Director

Dated at Kingswood this **28th day of September 2020**.

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PENRITH GAELS CULTURAL
AND SPORTING ASSOCIATION LIMITED**

As auditor of Penrith Gaels Cultural and Sporting Association Limited, I declare that, to the best of my knowledge and belief, during the year ended June 30, 2020 there have been no contraventions of:

- i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Penrith Gaels Cultural and Sporting Association Limited.

ROSS FOWLER & CO
CHARTERED ACCOUNTANTS

R.B. Fowler

Dated: August 24, 2020

11 Tindale St
Penrith NSW 2750

Liability limited by a scheme approved under Professional Standards Legislation

Penrith Gaels Cultural and Sporting Association Limited
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 \$	2019 \$
Revenue from continuing operations	2	2,689,044	3,386,406
Less: Cost of Sales		<u>(1,159,228)</u>	<u>(1,435,432)</u>
Gross Profit		1,529,816	1,950,974
Other Revenues from continuing operations	2 (b)	56,005	69,647
Coronavirus Government Support Monies	2 (c)	261,786	-
Employee Benefits Expense		(974,596)	(1,063,633)
Administration expenses		(744,539)	(857,114)
Finance costs		(38,273)	(44,360)
Profit from operations before income tax expense		<u>90,199</u>	<u>55,514</u>
Income tax (expense)	4	<u>-</u>	<u>-</u>
Net profit from operations after income tax		<u><u>90,199</u></u>	<u><u>55,514</u></u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on revaluation of freehold property and industrial units		260,000	790,553
Tax Credit/(Expense) thereon	4	-	(181,500)
Other comprehensive income for the year		<u>260,000</u>	<u>609,053</u>
Total comprehensive income for the year		<u>350,199</u>	<u>664,567</u>
Profit attributable to members of the entity		<u>90,199</u>	<u>55,514</u>
Total comprehensive income attributable to members of the entity		<u>350,199</u>	<u>664,567</u>

The accompanying Notes form part of these Financial Statements.

Penrith Gaels Cultural and Sporting Association Limited
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BALANCE SHEET
as at JUNE 30, 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	433,873	406,171
Trade and Other Receivables	6	8,881	9,642
Inventories	7	39,033	30,796
Other Assets	8	130,193	61,149
TOTAL CURRENT ASSETS		<u>611,980</u>	<u>507,758</u>
NON-CURRENT ASSETS			
Other Assets	8	3,099	1,026
Property, Plant and Equipment	9	6,066,643	5,854,471
TOTAL NON-CURRENT ASSETS		<u>6,069,742</u>	<u>5,855,497</u>
TOTAL ASSETS		<u>6,681,722</u>	<u>6,363,255</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	190,263	196,632
Borrowings	11	178,248	784,671
Provisions	12	131,186	135,006
TOTAL CURRENT LIABILITIES		<u>499,697</u>	<u>1,116,309</u>
NON-CURRENT LIABILITIES			
Borrowings	11	646,186	61,306
Other Financial Liabilities	13	228,232	228,232
TOTAL NON-CURRENT LIABILITIES		<u>874,418</u>	<u>289,538</u>
TOTAL LIABILITIES		<u>1,374,115</u>	<u>1,405,847</u>
NET ASSETS		<u>5,307,607</u>	<u>4,957,408</u>
MEMBERS' FUNDS			
Reserves	14	2,166,105	1,906,105
Retained Profits		3,141,502	3,051,303
TOTAL MEMBERS' FUNDS		<u>5,307,607</u>	<u>4,957,408</u>

The accompanying Notes form part of these Financial Statements

Penrith Gaels Cultural and Sporting Association Limited
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STATEMENT OF CHANGES IN EQUITY
For The Year Ended JUNE 30, 2020

	Retained Earnings	Revaluation Reserve	Reserves	Total
	\$		\$	\$
Balance 30 June 2018	2,995,789	1,253,345	43,707	4,292,841
Profit Attributable to Members	55,514	-	-	55,514
Revaluation increase with respect to the Club and the adjoining industrial units	-	790,553	-	790,553
Deferred income tax liability with respect to the revalued industrial units	-	(181,500)	-	(181,500)
Balance 30 June 2019	3,051,303	1,862,398	43,707	4,957,408
Balance 30 June 2019	3,051,303	1,862,398	43,707	4,957,408
Profit Attributable to Members	90,199	-	-	90,199
Revaluation increase with respect to the Club's freehold land.	-	260,000	-	260,000
Balance 30 June 2020	3,141,502	2,122,398	43,707	5,307,607

The accompanying Notes form part of these Financial Statements.

Penrith Gaels Cultural and Sporting Association Limited
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STATEMENT OF CASH FLOWS
For The Year Ended JUNE 30, 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		3,393,314	4,182,205
Cash payments in the course of operations		(3,403,972)	(4,012,751)
Government Coronavirus Monies Received		165,147	-
Interest received		206	668
Rent received		61,487	63,513
Catering Rent		28,286	-
Interest and costs of finance paid		(38,273)	(44,360)
Net Cash Provided By Operating Activities	20 (b)	206,195	189,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property and equipment	20 (c)	(79,428)	(60,353)
Proceeds from sale of property and equipment		23,999	14,510
Net Cash (Used In)/ Provided By Investing Activities		(55,429)	(45,843)
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Repayment of borrowings		(123,064)	(93,262)
Net Cash (Used In)/ Provided By Financial Activities		(123,064)	(93,262)
Net Increase in Cash Held		27,702	50,170
Opening cash on hand		406,171	356,001
CASH AS AT 30 JUNE 2020	20 (a)	433,873	406,171

The accompanying Notes form part of these Financial Statements.

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

The financial report covers Penrith Gaels Cultural and Sporting Association Limited (A Company Limited by Guarantee) as an individual entity.

The financial statements were authorised for issue on September 28, 2020 by the directors of the company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the AASB, and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of the Club's main premise and industrial commercial units. The amounts presented in the financial statements have been rounded to the nearest dollar and are presented in Australian dollars.

2019 Working Capital Deficiency

As at June 30, 2019, the Company reported a working capital deficiency of \$608,551 because the NAB loans were due for renewal. The financial statements were prepared on a going concern basis because the directors were confident with the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the year ended June 30, 2020 the Company renewed its debt facilities with the NAB in full.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

Income Tax

Due to the Principle of Mutuality income tax is levied on that portion of the club's income attributed to visitors and other external sources. Expenses of the club directly related to its members, are not allowed as a deduction for income tax purposes.

Income tax on the profit or loss of the Club for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year, as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

Impairment

(i) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-Financial Assets

The carrying amounts of the Club's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised immediately in profit or loss if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*).

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms' length transaction), based on periodic valuations by external independent values, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in other comprehensive income. Revaluation decreases that offset previous increases of the same asset shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss.

Amortisation and Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated/amortised at rates based upon their expected economic lives, using the diminishing value method and straight-line methods. The depreciable rates used for each class of asset are as follows:

Buildings and Improvements	2.5% - 10%	Prime Cost
Plant and Fittings	7.5% - 40%	Diminishing Value
Poker Machines	25%	Diminishing Value
Leased Plant and Equipment	16% - 25%	Prime Cost

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

Critical Accounting Judgements, Estimates and Assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

In the process of applying the Club's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Poker Machine Licenses

The Club holds poker machine licenses either acquired or granted for no consideration by the NSW government. AASB 138 requires that licenses acquired before the first time application of the AASB be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to profit and loss to recognise the grant immediately as income. Before April 2002 when the gaming legislation allowed poker machine licenses to be traded for the first time, the Club determined that fair value at grant date for licenses granted pre April 2002 to be zero. Licenses acquired post April 2002 are initially recognised at fair value. The entity has determined that the market for poker machine licenses does not meet the definition of an active market and consequently licenses recognised will not be revalued each year.

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 the recognition of the liability.

Goods and Services Tax

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 the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO 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. The GST components of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the ATO are presented as operating cash flows, included in receipts from customers or payments to suppliers.

Inventories

Inventories, representing liquor, food and sundry stocks are valued at the lower of average cost and net realisable value.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

Employee Benefits

Provision is made for the Company'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 expected to be settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of future cash flows.

Superannuation

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary). Contributions are made by the Club on behalf of employees and are charged as an expense when incurred.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Government Coronavirus Grant Income

JobKeeper Payments

JobKeeper Payments are considered 'government grants' and accounted for under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* because they were provided by the Government in return for compliance with certain conditions relating to the operating activities of the Club. To secure the 'JobKeeper' payments, the Club was required to pay a minimum of \$1,500 a fortnight to eligible employees, many temporarily stood down, as a result of COVID-19.

The Government grant income is only recognised when there is reasonable assurance the Club has complied with the conditions attaching to grant. The Club employed 20 eligible employees during the six month period ending September 27, 2020.

Cash Flow Boost Incentive

The Club received \$50,000 Cash Flow Boost Incentive monies on lodging its March 2020 Business Activity Statement. The Club will receive a further \$50,000 Additional Cash Flow Boost Incentive – payable in four equal instalments on lodging the necessary Business and Instalment Activity Statements between June 30, 2020 and September 30, 2020 – as long as it continues to employ and pay staff.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1: Statement of Accounting Policies

New and Amended Accounting Standards Not Yet Adopted

The Company assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after July 1, 2019 and determined there to be no material effect on the current or prior period financial statements, other than the matters outlined below.

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under new standard, an asset (the right to use the lease item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company applied the standard from 1 July 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of use assets will be measured at the amount of the lease liability on adoptions (adjusted for any prepaid or accrued lease expenses).

The changes under AASB 16 Leases had no material impact. The Company currently has no non-cancellable operating leases within commitments of the financial statements.

Revenue and Other Income

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

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

AASB 15 Revenue from Contracts with Customers

AASB 15 was applied by the Company in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Company employed the modified retrospective approach for adoption as at July 1, 2018.

Impact of adoption

There was no material impact on the Company's financial position or operations or presentation of the financial statements resulting from the adoption of AASB 15. The Company concluded AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made over time, with no contingent features to the price.

The Company's sales do give rise to contract assets and liabilities after the adoption of AASB 15 as a result of deposits in advance for member subscriptions and other unearned revenue. The Company has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined the impact of the loyalty program as at June 30, 2020 was \$3,000 (June 30, 2019 - \$Nil).

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2: Revenue

a) Disaggregation of revenue from contracts with customers

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services.

	2020	Sale of goods - Bar	Provision of Services	Total
		\$	\$	\$
<i>Timing of Revenue Recognition</i>				
At a point in time		916,981	1,713,811	2,630,792
Over time		-	58,252	58,252
		916,981	1,772,063	2,689,044
2019				
<i>Timing of Revenue Recognition</i>				
At a point in time		1,163,397	2,166,485	3,329,882
Over time		31,616	24,908	56,524
		1,195,013	2,191,393	3,386,406

	2020	2019
	\$	\$
Other Revenue		
Interest Received	206	668
Catering Rent	28,286	35,137
Rental Income – net	27,513	33,842
	56,005	69,647

b) Assets and liabilities related to contracts with customers

The Club has recognized the following assets and liabilities related to customers with contracts.

Current Contract Assets	-	-
Contract Liabilities – members subscriptions in advance	3,512	7,108
Contract Liabilities – other income	2,030	3,430
Total Contract Liabilities	5,542	10,538

c) Government Coronavirus Monies Received

Government Coronavirus Monies Received		
Cash Flow Boost Incentive	62,500	-
Jobkeeper Payment Scheme	199,286	-
	261,786	-

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3: Other Income and Expense Items

Costs of Goods Sold	1,159,228	1,435,432
Interest Paid	38,273	44,360
Depreciation/Amortisation of property, plant and equipment		
Land and buildings	45,184	45,184
Poker machines	114,701	133,505
Plant, equipment, furniture and fittings	64,121	53,897
	224,006	232,586
Contributions to accumulation superannuation plans	74,175	88,893

NOTE 4: Income Tax Expenses

The Income Tax Assessment Act, 1936 (as amended) provides under the Principle of Mutuality registered clubs are only liable for income tax on income derived from non-members, interest and commission received less concessional deductions from outside entities, and not on the surplus as shown in the Income Statement. In view of this special circumstance it is not appropriate to compare income tax payable with the operating profit/ (loss) as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

	2020	2019
	\$	\$
The amount set aside for income tax in the statement of financial performance has been calculated as follows:		
Income tax applicable to assessable income at tax rate of 27.5% (2019- 27.5%)	-	-
Increase in Deferred Income Tax Liability	-	181,500
	-	181,500

b) Provision for current income tax:

Movements during the year:		
Balance at beginning of the year	-	-
Income tax refund/(payable)	-	-
Current year's income tax expense on operating profit	-	-
	-	-
	-	-

c) Deferred Tax Assets/Liabilities

The potential income tax benefit arising from timing differences and tax losses brought forward has not been recognised as an asset because recovery is not assured beyond reasonable doubt.

In the year ended June 30, 2020 the Club recognised the deferred tax liability arising from the revaluation of the rental units, which was adjusted against the Revaluation Reserve.	-	181,500
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Penrith Gaels Cultural and Sporting Association Limited
ABN 97 002 474 713
(A Company Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	\$	\$
NOTE 5. Cash And Cash Equivalents		
<i>Current</i>		
Cash and cash equivalents	433,873	406,171
	<u>433,873</u>	<u>406,171</u>
 NOTE 6: Trade and Other Receivables		
Debtors and Accrued Income	8,881	9,642
	<u>8,881</u>	<u>9,642</u>
 NOTE 7: Inventories		
Bar Stock – Finished Goods	39,033	30,796
	<u>39,033</u>	<u>30,796</u>
 NOTE 8: Other Assets		
<i>Current</i>		
Security Deposit – TAB	5,000	5,000
Investments	750	750
Borrowing Expenses	1,140	412
Promotional Vouchers	5,325	2,520
Cash Flow Boost Incentive/JobKeeper Payment Scheme	96,639	-
Prepayments	21,339	52,467
	<u>130,193</u>	<u>61,149</u>
 <i>Non-Current</i>		
Borrowing Expenses	3,099	1,026
	<u>3,099</u>	<u>1,026</u>

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	\$	\$
NOTE 9: Property, Plant And Equipment		
<i>Core Property</i>		
Freehold Land – at independent value	1,350,000	1,090,000
Building – at independent valuation (2019)	145,288	145,288
Units – Phillip Street, Kingswood – at independent value	700,000	700,000
	2,195,288	1,935,288
<i>Non-Core Property</i>		
Units – Phillip Street, Kingswood – at independent value	1,400,000	1,400,000
	3,595,288	3,335,288
Building – at cost	1,398,892	1,364,712
	4,994,180	4,700,000
Less: Accumulated Depreciation	(90,368)	(45,184)
	4,903,812	4,654,816
Furniture, Fixtures & Fittings – at cost	669,030	658,687
Less: Accumulated Depreciation	(560,264)	(547,965)
	108,766	110,722
Plant and Equipment – at cost	1,162,956	1,141,686
Less: Accumulated Depreciation	(816,108)	(781,209)
	346,848	360,477
Poker Machine Licenses – at cost	266,346	266,346
Poker Machines – at cost	1,338,111	1,259,667
Less: Accumulated Depreciation	(966,907)	(884,148)
	637,550	641,865
Plant and machines – under hire purchase	122,296	122,296
Less: Accumulated Amortisation	(74,993)	(63,668)
	47,303	58,628
Motor Vehicles – under hire purchase	48,493	48,493
Less: Accumulated Amortisation	(26,129)	(20,530)
	22,364	27,963
Total Property, Plant & Equipment – Net Book Value	6,066,643	5,854,471

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 9: Property, Plant And Equipment – At Cost (cont.)

	2020	2019
	\$	\$
Total Property, Plant & Equipment		
At Cost	5,006,124	4,861,887
At Independent Valuation	3,595,288	3,335,288
Less: Accumulated Depreciation	<u>(2,534,769)</u>	<u>(2,342,704)</u>
Written Down Value	<u>6,066,643</u>	<u>5,854,471</u>

The Valuer General of New South Wales assessed the statutory Land Value as \$1,350,000 as at July 1, 2019.

The directors obtained an independent valuation of the Club's Club house premises. As at September 3, 2019 Cushman & Wakefield (Valuations) Pty Ltd valued the Club's premises at 75 Richmond Road at \$2,600,000 "market value", including its previous statutory Land Value of \$1,090,000. The site value was valued assuming a sale of the unencumbered freehold interest, with vacant possession.

Simultaneously, in preparation for the upcoming re-financing of the Club's debts the NAB performed an internal valuation of the six Phillip Street industrial units, valuing them at \$350,000 each.

Movements in Carrying Amounts

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

	WDV Balance B/fwd	Additions/ Transfers	Disposals/ Transfers	Depreciation/ Amortisation/ Revaluation	WDV Balance C/fwd
Year Ended 30 June 2020	\$	\$	\$	\$	\$
Freehold Land	1,090,000	-	-	260,000	1,350,000
Buildings- Improvements/Units	3,564,816	34,180	-	(45,184)	3,553,812
Furniture, fixtures and fittings	110,722	10,342	-	(12,298)	108,766
Plant and Equipment	360,477	21,270	-	(34,899)	346,848
Poker Machines	375,519	112,636	(2,250)	(114,701)	371,204
Poker Machine Licenses	266,346	-	-	-	266,346
Plant under lease finance	58,628	-	-	(11,325)	47,303
Motor Vehicles	27,963	-	-	(5,599)	22,364
Total	<u>5,854,471</u>	<u>178,428</u>	<u>(2,250)</u>	<u>35,994</u>	<u>6,066,643</u>

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	\$	\$
NOTE 10: Trade And Other Payables		
GST Liability	19,982	43,582
Accrued Poker Machine Taxation	66,138	20,781
Accrued Audit Fees	11,170	11,325
Trade Creditors and Accruals	92,973	120,944
	<u>190,263</u>	<u>196,632</u>

Financial liabilities at amortised costs classified as trade and other payables

Trade and Other Payables	190,263	196,632
Less: Net Amount of GST Payable	(19,982)	(43,582)
Deferred Income	(3,512)	(7,108)
Financial liabilities as trade and other payables	<u>166,769</u>	<u>145,942</u>

NOTE 11: Borrowings

Current - Secured:

Loan: NAB	90,000	690,500
Hire purchase liabilities	71,481	77,743
Loans – other	16,767	16,428
	<u>178,248</u>	<u>784,671</u>

Non-Current - Secured:

Loan NAB	591,500	-
Hire Purchase Liabilities	54,686	61,306
	<u>646,186</u>	<u>61,306</u>

The Club's NAB borrowing facilities were renewed in March 2020.

Due to the Coronavirus pandemic the NAB froze all repayments of principal and interest on monies borrowed until September 2020. The Club has recognised the deferred principal and interest payments as at June 30, 2020 and they will be repaid in full in September 2020.

The NAB borrowing is secured by Registered Mortgages over property at 75 Richmond Road, Kingswood NSW and units 1, 2,3,4,5 and 8 of 6-14 Phillip Street, Kingswood NSW.

NOTE 12: Provisions

Provision for Employee Entitlements	<u>131,186</u>	<u>135,006</u>
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NOTE 13. Other Financial Liabilities

Deferred Income Tax Liability:

Opening Balance	228,232	46,732
Movements during the year due to the revaluation of the industrial units	-	181,500
Closing Balance	<u>228,232</u>	<u>228,232</u>

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	\$	\$
NOTE 14. Reserves		
Capital Profit Reserve	27,364	27,364
Asset Revaluation Reserve	2,122,398	1,862,398
General Reserve – Gifts	16,343	16,343
	<u>2,166,105</u>	<u>1,906,105</u>

NOTE 15: Capital & Leasing Commitments In Relation To

Finance lease and hire purchase payable as follows:

– Not later than one year	75,025	83,009
– Later than one year but not later than two years	42,916	42,933
– Later than two years but not later than five years	13,230	19,026
Minimum payments	<u>131,171</u>	<u>144,968</u>
Less: Future finance charges	<u>(5,004)</u>	<u>(5,919)</u>
Total Liability	<u>126,167</u>	<u>139,049</u>
Current	71,481	77,743
Non-current	54,686	61,306
	<u>126,167</u>	<u>139,049</u>

The Club has no contingent assets at June 30, 2020 (2019: Nil).

There is \$Nil (2019: \$Nil) capital expenditure contracted for the end of the reporting period but not recognised as a liability.

NOTE 16: Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company are considered key management personnel.

Key management personnel compensation	<u>265,324</u>	<u>321,920</u>
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NOTE 17: Company Details

The Company operates solely as a Licensed Club in New South Wales and provides facilities and offers services common to most Registered Clubs, at 75 Richmond Road Kingswood NSW 2747, which is also its Registered Office.

Penrith Gaels Cultural and Sporting Association Limited
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(A Company Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 18: Other Related Party Transactions

The names of each person holding the position of Director of Penrith Gaels Cultural and Sporting Association Limited during the financial year are: Messrs. P. Cullen, T. Cullen, N. Donohoe, B. Grieve, J. Grieve, M. Smith, and T. O'Neill.

The directors did not receive any remuneration during the year ended June 30, 2020.

Mr Wayne McFayden is the Company Secretary. He was appointed on October 28, 2018.

Transactions with Related Parties

During the year ended June 30, 2019, the Club employed the following employee (being an associate of directors of the Club) on normal terms and conditions, as specified by the Registered and Licensed Clubs Award 2010.

	2020	2019
	\$	\$
Ciara Cullen (daughter of Pat Cullen)	-	7,214

NOTE 19. Financial Risk Management

The Club's financial instruments consist mainly of monies at bank, accounts receivable and payable and borrowings, primarily with the NAB.

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

	Note		
<i>Financial Assets</i>			
Cash and cash equivalents	5	433,873	406,171
Receivables	6	8,881	8,642
Other financial assets	8	5,750	5,750
		448,504	420,563
<i>Financial Liabilities</i>			
Trade and other payables	10	166,769	145,942
Borrowings	11	824,434	789,361
		991,203	935,303

Penrith Gaels Cultural and Sporting Association Limited
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 20: Notes to the Statement of Cash Flows

A. Reconciliation of Cash

For the purpose of this Statement of Cash Flows, cash includes Cash on Hand and in Banks and Investments in Money Market, Investments net of outstanding Bank Overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:

	2020	2019
	\$	\$
Cash on Hand and at Bank	283,160	201,873
Monies at Call	150,713	204,298
	<u>433,873</u>	<u>406,171</u>

**B. Reconciliation of Net Cash from Operations
With Operating Profit/ (Loss) After Income Tax**

Operating profit/(loss) after income tax	90,199	55,514
Add/(less) items classified as Investing/Financing Activities:		
– (Profit)/Loss on sale of non-current assets	(21,749)	(13,070)
Non-cash Flows in Operating Profit:		
Depreciation and amortisation	224,138	232,717
Other Items	1,715	1,362
Changes in Assets and Liabilities:		
(Decrease)/Increase in Employee Provisions	(3,820)	(47,625)
(Increase)/Decrease in Receivables	(95,878)	345
(Increase)/Decrease in Inventories	(8,237)	1,774
Decrease in Prepayments/Other Assets	26,608	775
(Decrease) in Accounts Payable	(6,781)	(42,517)
Net Cash Provided By/(Used In) Operating Activities	<u>206,195</u>	<u>189,275</u>

C. Non Cash Transactions

During the year the Club acquired three poker machines for \$99,000 by way of a credit arrangement or other non-cash transaction (2019 - \$65,794 two poker machines).

D. Credit Standby Arrangements and Loan Facilities

The Club has a credit standby facility regarding a NAB Business Credit Card of \$5,000 (2019 - \$5,000).

The Club has a Line of Credit facility with the NAB and as at June 30, 2019 had \$37,517 unused facility on the account as at balance date (2019- \$54,937).

Penrith Gaels Cultural and Sporting Association Limited
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(A Company Limited by Guarantee)

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on the pages 4 to 24 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards – Reduced Disclosure Requirements, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) Give a true and fair view of the financial position as at June 30, 2020 and performance for the year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due and payable.

This Declaration is made in accordance with a resolution of the Board of Directors.

Noel DONOHOE
Director

Brendan GRIEVE
Director

Dated at Kingswood this 28th day of September 2020.

Penrith Gaels Cultural and Sporting Association Limited
ABN 97 002 474 713
(A Company Limited by Guarantee)

**Independent Audit Report to the Members of
Penrith Gaels Cultural and Sporting Association Limited**

Report on the Financial Report

Opinion

In our opinion, the financial report of Penrith Gaels Cultural and Sporting Association 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 June 30, 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of Penrith Gaels Cultural and Sporting Association Limited, which comprises the Balance Sheet as at June 30, 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Penrith Gaels Cultural and Sporting Association Limited
ABN 97 002 474 713
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**Independent Audit Report to the Members of
Penrith Gaels Cultural and Sporting Association Limited (cont.)**

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance 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 it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ary.pdf.

This description forms part of our auditor's report.

Penrith Gaels Cultural and Sporting Association Limited
ABN 97 002 474 713
(A Company Limited by Guarantee)

**Independent Audit Report to the Members of
Penrith Gaels Cultural and Sporting Association Limited (cont.)**

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of Penrith Gaels Cultural and Sporting Association Limited ("the Gaels") for the financial year ended June 30, 2020 included on the Gaels' website. The Company's directors are responsible for the integrity of the Gaels' web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information, which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

ROSS FOWLER & CO
CHARTERED ACCOUNTANTS

R.B. Fowler
Partner

Dated September 2020

Address: 11 Tindale Street Penrith NSW 2750

Liability limited by a scheme approved under Professional Standards Legislation