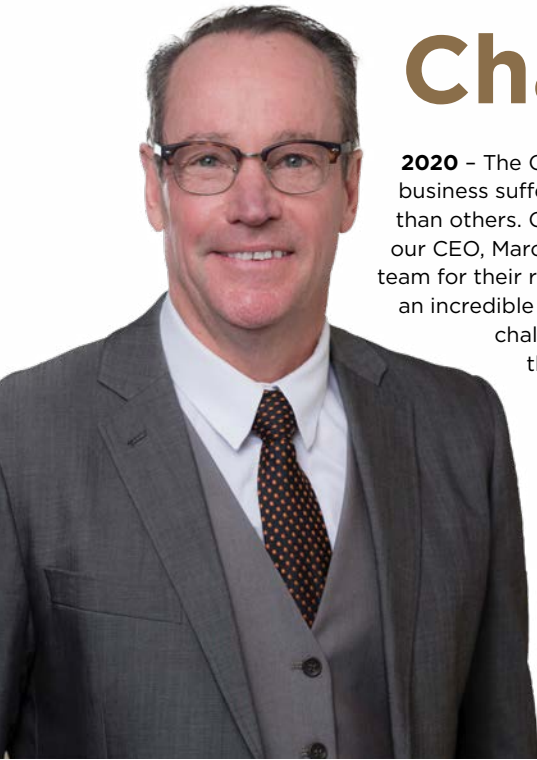


ANNUAL REPORT 2020



A New Generation of City Tatts Members

Chairman's Review



2020 - The COVID year!! Every business suffered. Some worse than others. Congratulations to our CEO, Marcelo Veloz and his team for their response to what was an incredible and unprecedented challenge. While it wasn't the 125th anniversary year we had planned, we were able to keep our doors open for most of the time and we are grateful to you, our Members, who adjusted to the many necessary changes made throughout the year to all parts of the Club, showing once again how City Tatts

- Relaunching of Lime Bar & Bistro with an exciting new menu using Me&U technology
- Hosting some wonderful community events, including R U O K Day, our annual Children's Charity Breakfast and Go For Broke, an event that helped raise \$86k in much needed funds for Lifeline
- Still managed to donate \$235k to community organisations through our Club Grants program

There were many more achievements too, including strong staff morale and high Member satisfaction.

A huge thanks to Marcelo, our Directors and the many wonderful staff whose dedication carried us through that "annus horribilis."

Members I commend to you the 2020 Annual Report. I look forward to seeing you in 2021 at our Club as things continue to normalise.

Patrick Campion
Chairman

Members are the best when it comes to being flexible and accommodating when required to be.

Even though 2020 was a different world, and one we are still adjusting to, your Club still made fantastic progress with some of the highlights being:

- Celebrating our 125th Anniversary
- Formally amalgamating with The Castlereagh Club
- Acquiring the world class facility: World Gym on Castlereagh St
- Celebrating our 110th City Tatts Race Day at Royal Randwick Racecourse, and our 2nd CTC Young Professionals Race Day
- Publishing 'On A Winner' - 125 years of history at City Tatts, written by Marea Donnelly
- Recognising and inducting 14 extraordinary 'Legends' as part of our 125th anniversary celebrations
- Announcing award-winning Australian architecture practice, BVN, to design the redevelopment of our Club's airspace





“Despite the horrific year, the Club still managed to help those in need of assistance by donating \$235k through our Club Grants program.”

NOTICE OF ANNUAL GENERAL MEETING

The 126th Annual General Meeting of City Tattersall's Club will be held at 6pm on Tuesday, 25 May 2021 in the Lower Bar, on the Ground level of the Club's premises at 198 Pitt Street, Sydney.

The business for the Annual General Meeting is set out below in the 'Business of the Annual General Meeting' section.

Copies of the minutes of the Annual General Meeting held on 26 May 2020 are available for Members by request from the Secretary's Office at the Club.

Under clause 20.4 of the Club Rules, any Voting Member who wishes to submit any matter to be discussed at the Annual General Meeting, must give complete and precise written notice thereof to the Secretary by 9 April 2021.

Under clause 22.4 of the Club Rules, any Voting Member who wishes to ask a question in relation to the financial affairs or any proposed changes to the rules of the Club must be provided to the Secretary in writing no later than 7 days before the date of the Annual General Meeting.

Under the Club Rules, Gold Members, Silver Members and Life Members are entitled to receive notice of, attend and vote at the Annual General Meeting.

This notice is issued under a resolution of the Board.



Marcelo A. Veloz
Chief Executive Officer

BUSINESS OF THE ANNUAL GENERAL MEETING

The business of the Annual General Meeting will be:

- 1. Apologies:** For Members to table any apologies for the record.
- 2. Minutes:** For Members to receive, review and confirm the minutes of the Annual General Meeting held on 26 May 2020.
- 3. Election Results:** For the Chairman of the Club to confirm the results of the Election of Directors under the Triennial Rule.
- 4. Financial Reports:** For Members to receive from the Board a comprehensive Annual Report detailing information including the Directors Report, Statement of Accounts and Balance Sheet for the year ended 31 December 2020.
- 5. Auditor's Report and Appointment of Auditor:** For Members to receive the Auditor's Report, as noted in the Annual Report, and to appoint KPMG as the auditors for the subsequent year.
- 6. Proposed Resolutions:** For Members to consider, and if thought fit, to pass each of the resolutions noted below.
- 7. Matters for Discussion:** To deal with matters duly submitted to the Board for discussion in accordance with the Club Rules.
- 8. Financial Questions:** To deal with financial questions duly submitted to the Secretary for discussion in accordance with the Club Rules.
- 9. Amalgamation Offers in previous 12 months:** For Members to receive notice of any expression of interest in an amalgamation, and any unsolicited merger offer, received from another club in the previous 12 months.
- 10. CEO's Report:** For Members to receive a summary of proposed capital expenditure on improving, repairing, renovating or rebuilding the premises of the Club during the 12 months following the meeting and information current as at the end of May 2020 as to the assets and liabilities of the Club.

BOARD AND COMMITTEE MEETING ATTENDANCE

Board Meetings

Directors	Board Meetings		Annual General Meeting	
	H	A	H	A
Patrick Champion	12	11	1	1
Paul Cavallaro	12	12	1	1
Martyn Berry	12	12	1	1
James Chen	12	12	1	1
Lawrence Coy	12	10	1	1
Roderick Faulkner	12	12	1	1
Annette Niven	12	11	1	1
Kumar Kalyanakumar	12	12	1	1
Michael Sterndale-Smith	12	12	1	1

Committee Meetings

Directors	Finance		Property and Airspace Development		Sponsorship and Community	
	H	A	H	A	H	A
Patrick Champion	11	10	1	1	-	-
Paul Cavallaro	11	10	1	1	-	-
Martyn Berry	11	10	1	1	-	-
James Chen	11	11	1	1	-	-
Lawrence Coy	-	-	1	0	-	-
Roderick Faulkner	-	-	-	-	11	11
Annette Niven	-	-	-	-	-	-
Kumar Kalyanakumar	-	-	1	1	11	11
Michael Sterndale-Smith	-	-	-	-	11	11

Held (H) - Number of meetings held that the Director was eligible to attend

Attended (A) - Number of Meetings attended

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

In AUD	Note	2020	2019
Revenue from rendering of services		12,056,525	18,802,524
Revenue from sale of goods		1,684,666	4,654,957
Other revenue		2,980,139	1,746,366
Total revenue	4	16,721,330	25,203,847
Cost of goods sold		(778,003)	(1,973,835)
Personnel expenses	5	(5,297,963)	(7,787,615)
Entertainment, marketing and promotional costs		(982,899)	(1,600,244)
Member expenses		(489,513)	(420,994)
Office expenses		(893,839)	(903,011)
Poker machine licences and taxes		(2,899,988)	(4,717,540)
Property expenses		(2,985,646)	(3,815,408)
Other expenses		(578,327)	(843,799)
Earnings before financing costs, depreciation and income tax		1,815,152	3,143,167
Finance income		84	3,276
Finance costs		(161,293)	(123,509)
Net finance costs	6	(161,209)	(120,233)
Depreciation expense	11	(3,282,590)	(2,519,854)
(Loss)/Profit before income tax		(1,628,647)	503,080
Income tax expense	7	-	-
(Loss)/Profit for the year		(1,628,647)	503,080
Other comprehensive income for the year			
Revaluation of property, plant and equipment		(55,647,107)	27,283,506
Total comprehensive (loss)/income for the year		(57,275,754)	27,786,586

The notes on pages 6 to 16 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

In AUD	Note	2020	2019
Assets			
Cash and cash equivalents	8	387,639	605,740
Trade and other receivables	9	149,096	445,041
Inventories	10	259,124	342,911
Prepayments		76,133	335,495
Total current assets		871,992	1,729,187
Property, plant and equipment	11	125,396,448	182,299,970
Total non-current assets		125,396,448	182,299,970
Total assets		126,268,440	184,029,156
Liabilities			
Trade and other payables	13	3,290,334	4,261,003
Loans and borrowings	8,14	1,170,717	1,002,232
Employee benefits	15	431,061	599,525
Provisions	16	175,608	177,009
Lease liability	23	24,594	23,405
Total current liabilities		5,092,314	6,063,173
Loans and borrowings	14	21,866,969	21,327,239
Trade and other payables	13	56,943	118,008
Employee benefits	15	156,417	122,770
Provisions	16	50,000	50,000
Lease liability	23	164,559	190,974
Total non-current liabilities		22,294,888	21,808,991
Total liabilities		27,387,202	27,872,164
Net assets		98,881,238	156,156,992
Members' funds			
Asset revaluation reserve		52,311,834	107,958,941
Capital profit reserve		284,928	284,928
General funds		46,284,476	47,913,123
Total members' funds		98,881,238	156,156,992

The notes on pages 6 to 16 are an integral part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUNDS

for the year ended 31 December 2020

In AUD	Asset revaluation reserve	Capital profit reserve	General funds	Total
Balance at 1 January 2019	80,675,435	284,928	47,410,043	128,370,406
Total comprehensive income for the year				
Profit for the year	-	-	503,080	503,080
<i>Other comprehensive income</i>	27,283,506	-	-	27,283,506
Total comprehensive income for the year	27,283,506	-	503,080	27,786,586
Balance at 31 December 2019	107,958,941	284,928	47,913,123	156,156,992
Balance at 1 January 2020	107,958,941	284,928	47,913,123	156,156,992
Total comprehensive income for the year				
Loss for the year	-	-	(1,628,647)	(1,628,647)
<i>Other comprehensive income</i>	(55,647,107)	-	-	-
Total comprehensive income for the year	(55,647,107)	-	(1,628,647)	(57,275,754)
Balance at 31 December 2020	52,311,834	284,928	46,284,476	98,881,238

The notes on pages 6 to 16 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

In AUD	Note	2020	2019
Cash flows from operating activities			
Cash receipts from customers		18,719,002	27,435,428
Cash paid to suppliers and employees		(17,432,707)	(25,722,154)
Cash generated from operations		1,286,295	1,713,274
Interest received		84	3,276
Interest paid		(161,293)	(123,509)
Net cash from operating activities	8	1,125,086	1,593,042
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	11,696
Acquisition of property, plant and equipment		(2,026,174)	(4,151,268)
Net cash used in investing activities		(2,026,174)	(4,139,572)
Cash flows from financing activities			
Repayment of borrowings		(87,500)	-
Proceeds from borrowings		950,000	650,000
Payment of lease liabilities		(361,476)	695,623
Net cash from financing activities		501,024	1,345,623
Net decrease in cash and cash equivalents		(400,063)	(1,200,907)
Cash and cash equivalents at beginning of year		189,855	1,390,762
Cash and cash equivalents at end of year, net of bank overdraft	8	(210,209)	189,855

The notes on pages 6 to 16 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1 Non-reporting entity

City Tattersalls Club ("the Club") is a club domiciled in Australia. The address of the Club's registered office is 194-204 Pitt Street, Sydney, NSW 2000. The financial statements of the Club are as at and for the year ended 31 December 2020.

The Club is primarily involved in the hospitality and entertainment industry.

2 Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board - Reduced Disclosure Requirements (AASB) and the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Amendment Act 1936, the City Tattersalls Club Rules as Amended. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Club has adopted the exemptions allowed for non-for-profit organisations under AASB 101 Presentation of Financial Statements.

The Club's Committee Members are also referred to in the financial statements as Directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

The financial statements were approved by the Board of Directors on 24 May 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings which are measured at fair value less accumulated depreciation on buildings and any impairment losses.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Club's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

(e) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at balance date, the Club's current liabilities exceeded its current assets by \$4,220,322 and made loss for the year of \$1,628,647. Notwithstanding this, the Directors believe that the going concern basis of preparation of the financial report is appropriate given:

- The Club generated earnings before financing, depreciation and income tax of \$1,815,152 during the year ended 31 December 2020; and generated cash flows from operating activities of \$1,125,086.
- The Club has performed a detailed review of its cost structures in light of the disruptions caused in its operations due to COVID-19 (refer to subsequent events disclosure under note 21) and was able to restructure elements of its cost base which identified cash savings.
- The Club has negotiated favourable financing terms with its current financiers which has assisted with the cashflow requirements over the next 12 months.
- The Club has prepared a 12 month profit and cashflow forecast to 31 December 2021 and a further 3 month profit and cashflow forecast to 31 March 2022, which indicate that the Club will generate adequate cashflows in order to meet its liabilities and payables as and when due.

After considering the above, the Directors consider that the Club will be able to continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Club's financial statements should be prepared on a going concern basis.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset

in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following categories of non-derivative financial assets: cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(d)).

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Club becomes a party to the contractual provisions of the instrument. The Club derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial liabilities: bank overdrafts, trade and other payables and loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(b) Property, plant and equipment

(i) Recognition and measurement

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

Land and buildings are treated as a class of assets. Any surplus arising on the revaluation of land and buildings at each reporting date is recognised directly in the revaluation reserve within funds, except to the extent that the surplus reverses a previous revaluation deficit on the land and buildings charged previously to profit and loss is recognised in the statement of comprehensive income. Any deficit on revaluation is recognised in profit or loss except to the extent of any balance in the revaluation reserve of the land and buildings, in which case it is recognised directly in the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

Property, plant and equipment

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour (including an allocation of time by those staff directly included in the construction project), any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Club will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

■ Buildings and amenities	40 years
■ Plant and equipment	3-13 years
■ Leasehold improvements	10-20 years
■ Leased assets	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Impairment

(i) Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Club on terms that the Club would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Club considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Club uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Club's non-financial assets, other than inventories, 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 if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Club's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(f) Provisions

A provision is recognised if, as a result of a past event, the Club has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Club is expected to be entitled for transferring goods and services to a customer. For each contract with a customer, the Club identifies the contract with a customer, identified the performance obligations in the contract, determines the transaction price to the separate performance obligations on the basis of the relative stand-alone selling prices of each distinct good and service to be delivered, and recognised revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(i) Goods sold

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. Revenue from the sale of goods is recognised at the point in time the goods are provided and payment is collected

(ii) Gaming revenue

Gaming revenue comprises the Club facilities provided to members and patrons of the Club. Gaming revenue is the difference between gaming wins and losses, and is recognised upon outcome of the game at the close of business.

(iii) Membership

Membership subscriptions represents annual membership fees paid by the Club's members. The Club recognises membership subscriptions over the term of the membership and any unearned portion is included in revenue received in advance.

(iv) Rental income

Rental income is recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(h) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method

(l) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in members funds or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the Club, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the

initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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

The income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax in income derived from non-members and from outside entities.

(j) 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 taxation authority. 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 are stated with 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 financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Leases

At inception of a contract, the Club assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Club assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Club has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Club has the right to direct the use of the asset. The Club has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Club has the right to direct the use of the asset if either:
 - the Club has the right to operate the asset; or
 - the Club designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Club allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

For contracts entered into before, the Club determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

The Club recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Club's incremental borrowing rate. Generally, the Club uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Club is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Club is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Club's estimate of the amount expected to be payable under a residual value guarantee, or if the Club changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Club presents right-of-use assets and lease liabilities separately in the statement of financial position.

4 Revenue

In AUD	2020	2019
Revenue from rendering of services	12,211,491	18,945,664
Loyalty points issued	(154,966)	(143,140)
	12,056,525	18,802,524
Revenue from sale of goods	2,098,464	5,215,441
Redemption of complimentary and discounted food and beverages	(413,798)	(560,483)
	1,684,666	4,654,957
Function room hire	3,612	495,689
Rent income	381,277	511,248
Other revenue	534,332	741,195
Jobkeeper receipts	2,060,918	-
	16,721,330	25,205,613

5 Personnel expenses

In AUD	2020	2019
Wages and salaries	4,127,933	6,048,497
Other associated personnel expenses	920,692	1,259,056
Contributions to defined contribution plan - superannuation	384,155	612,200
Decrease in liability for employee benefits	(134,817)	(132,138)
	5,297,963	7,787,615

6 Finance income and finance costs

In AUD	2020	2019
Interest income	84	3,276
Finance income	84	3,276
Interest expense	(97,549)	(55,962)
Other finance expense	(63,744)	(67,547)
Finance costs	(161,293)	(123,509)
Net finance costs recognised in profit or loss	(161,209)	(120,233)

7 Income tax expense

In AUD	2020	2019
Current tax expense		
Current year	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total income tax expense	-	-

Numerical reconciliation between tax expense and pre-tax accounting profit

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.

In AUD	2020	2019
The amount set aside for income tax in the statement of comprehensive income has been calculated as follows:		
Proportion of net taxable income attributable to non-members	5,896,988	9,075,563
Less: Proportion of expenses attributable to non-members	(6,467,603)	(9,333,594)
	(570,615)	(258,031)
Add: Other taxable income	457,719	620,667
	(112,896)	362,636
Less: Other deductible expenses	(581,217)	(635,327)
Net income subject to tax	(694,113)	(272,691)
Income tax using the Club's statutory income tax rate of 30% (2019: 30%)	(208,234)	(81,807)
Current year losses for which no deferred tax asset was recognised	208,234	81,807
Income tax expense on pre-tax net loss	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

In AUD	2020	2019
Tax losses		
Unused tax losses for which no deferred tax assets has been recognised @ 30%	(6,543,230)	(5,849,117)
	(1,962,969)	(1,754,735)

8 Cash and cash equivalents

In AUD	2020	2019
Bank balances	12,301	23,703
Cash on hand	375,338	582,038
Cash and cash equivalents in the statement of financial position	387,639	605,740
Bank overdrafts used for cash management purposes	(597,848)	(415,885)
Cash and cash equivalents in the statement of cash flows	(210,209)	189,855

The Club's exposure to credit and interest rate risks and a sensitivity analysis for financial assets are disclosed in note 18.

Reconciliation of cash flows from operating activities

In AUD	2020	2019
Cash flows from operating activities		
Profit for the year	(1,628,647)	503,080
Adjustments for:		
Depreciation	3,282,590	2,519,854
Net interest expense	161,209	120,233
Gain on sale of property, plant and equipment	-	(1,766)

11 Property, plant and equipment

In AUD	Land and buildings	Plant and equipment	Leasehold improvements	Leased assets	Capital work in progress	Total
Cost or deemed cost						
Balance at 1 January 2019	141,292,403	17,590,160	2,514,940	814,564	6,298,549	168,510,616
Additions	-	617,642	-	1,099,441	2,434,185	4,151,268
Disposals	-	(755,728)	-	-	-	(755,728)
Transfers	1,261,721	299,164	127,868	-	(1,688,753)	-
Revaluation of land and buildings	26,145,876	-	-	-	-	26,145,876
Recognition of right-of-use	-	-	-	239,600	-	239,600
Balance at 31 December 2019	168,700,000	17,751,238	2,642,808	2,153,605	7,043,981	198,291,632
Balance at 1 January 2020	168,700,000	17,751,238	2,642,808	2,153,605	7,043,981	198,291,632
Additions	-	345,910	-	-	1,680,264	2,026,174
Disposals	-	-	-	-	-	-
Revaluation of land and buildings	(56,295,955)	-	-	-	-	(56,295,955)
Transfers	195,955	16,839	274,643	-	(487,437)	-
Balance at 31 December 2020	112,600,000	18,113,987	2,917,451	2,153,605	8,236,808	144,021,851

In AUD	2020	2019
Operating profit before changes in working capital and provisions	1,815,152	3,141,401
Change in trade and other receivables	295,945	(262,551)
Change in inventories	83,787	(102,358)
Change in prepayments	259,362	(63,954)
Change in trade and other payables	(1,031,734)	(866,996)
Change in employee benefits	(134,817)	(132,138)
Change in provisions	(1,401)	(130)
	1,286,295	1,713,274
Interest received	84	3,276
Interest paid	(161,293)	(123,509)
Net cash from operating activities	1,125,086	1,593,041

9 Trade and other receivables

In AUD	2020	2019
Current		
Trade and other receivables	149,096	445,041

The Club's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 18.

10 Inventories

In AUD	2020	2019
Trade and other receivables	259,124	342,911

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

In AUD	Land and buildings	Plant and equipment	Leasehold improvements	Leased assets	Capital work in progress	Total
Depreciation						
Balance at 1 January 2019	552,692	13,346,440	1,177,134	278,971	-	15,355,237
Depreciation for the year	584,938	1,477,789	34,968	396,937	-	2,494,633
Disposals	-	(745,799)	-	-	-	(745,799)
Transfers	-	-	-	-	-	-
Offset of accumulated depreciation on buildings	(1,137,630)	-	-	-	-	(1,137,630)
Depreciation on recognised right-of-use asset on initial application of AASB 16	-	-	-	25,221	-	25,221
Balance at 31 December 2019	-	14,078,430	1,212,102	701,129	-	15,991,662
Balance at 1 January 2020	-	14,078,430	1,212,102	701,129	-	15,991,662
Depreciation for the year	648,848	2,018,725	47,563	542,233	-	3,257,369
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Depreciation on recognised right-of-use asset on initial application of AASB 16	-	-	-	25,221	-	25,221
Offset of accumulated depreciation on buildings	(648,848)	-	-	-	-	(648,848)
Balance at 31 December 2020	-	16,097,155	1,259,665	1,268,583	-	18,625,404
Carrying amounts						
At 31 December 2019	168,700,000	3,672,808	1,430,706	1,452,476	7,043,981	182,299,970
At 1 January 2020	168,700,000	3,672,808	1,430,706	1,452,476	7,043,981	182,299,970
At 31 December 2020	112,600,000	2,016,832	1,657,786	885,022	8,236,808	125,396,448

Leased assets

The Club leases gaming machines under a number of finance lease agreements. Refer to note 14 for details of security over leased assets.

Security

Refer to note 14 for details of security over property, plant and equipment.

Valuation

The latest independent valuation of the Club's freehold land and buildings at 194 - 204 Pitt Street carried out as at 31 December 2020 by Preston Rowe Paterson Property Consultants (Registered Valuer No. VAL2391) on the basis of highest and best use market value resulted in valuation of land and buildings of \$112,600,000 from \$168,700,000. As a result, in 2020 financial year an amount of \$55,647,107 has been recognised in other comprehensive loss.

12 Core and non-core property

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

In AUD	2020	2019
Core property	125,396,448	182,299,970
Non-core property	-	-
	125,396,448	182,299,970

Core property includes the defined premises of the Club and any facilities provided for Club members. Accordingly, all property occupied by the Club is defined as core property.

13 Trade and other payables

In AUD	2020	2019
Current		
Trade payables and accrued expenses	2,459,921	2,996,089
Daily Licence fees	273,136	693,702
Revenue received in advance	557,277	571,211
	3,290,334	4,261,003
Non-current		
Daily Licence fees	56,943	118,008
	56,943	118,008

The Club's exposure to liquidity risk related to trade and other payables is disclosed in note 18.

14 Loans and borrowings

This note provides information about the contractual terms of the Club's interest-bearing and non-interest bearing loans and borrowings which are measured at amortised cost. For more information about the Club's exposure to interest rate and liquidity risk, see note 18.

In AUD	2020	2019
Current liabilities		
Bank overdraft	597,848	415,885
Lease liability - Other	499,571	509,180
Lease liability - CBA	73,298	77,167
	1,170,717	1,002,232

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

In AUD	2020	2019
Non-current liabilities		
Developer refinancing loan	20,000,000	20,000,000
Secured bank loans	1,512,500	650,000
Lease liability - Other	264,054	554,038
Lease liability - CBA	90,415	123,201
	21,866,969	21,327,239

Financing facilities

The Club has access to the following lines of credit:

In AUD	2020	2019
Facilities available		
Bank overdraft	800,000	800,000
	800,000	800,000
Facilities utilised at reporting date		
Bank overdraft	597,848	415,885
	597,848	415,885
Facilities not utilised at reporting date		
Bank overdraft	202,152	384,115
	202,152	384,115

Security

First registered Mortgage over the property situated at 194 Pitt Street, Sydney. First registered Mortgage over the property situated at 196-204 Pitt Street Sydney.

Specific Security over Liquor License and all related gambling machine entitlements and poker permits, including 302 gaming entitlements.

15 Employee benefits

In AUD	2020	2019
Current		
Liability for long service leave	134,736	214,709
Liability for annual leave	296,325	384,817
	431,061	599,525
Non-current		
Liability for long service leave	156,417	122,770
	156,417	122,770

16 Provisions

In AUD	Rest-oration costs	Poker machine links	CT bonus points	Total
Balance at 1 January 2020	50,000	174,365	2,644	227,009
Provisions charge during the year	-	(2,968)	1,567	(1,401)
Balance at 31 December 2020	50,000	171,397	4,211	225,608
Current	-	171,397	4,211	175,608
Non-current	50,000	-	-	50,000
	50,000	171,397	4,211	225,608

Restoration costs

The provisions for restoration costs is in respect to the Club's obligation to restore Boonoonna Ski Lodge at the end of the lease term in 2028. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The provision is expected to be realised at the end of the lease term.

Poker machine links and CT bonus points

The provision for poker machine links and CT bonus points represent the Club's estimated present obligation to members and visitors in respect of poker machine link payouts and bonus points promotions. The provisions are expected to be realised within 12 months of reporting date.

17 General funds and reserves

General funds

General funds represents the funds of the Club that are not designated for particular purposes.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land and buildings.

Capital profit reserve

The amount represents the balance of the revaluation reserve at 1 January 2004 in respect of assets that were measured on the basis of deemed cost on transition to AIFRSs.

18 Financial risk management and financial instruments

Overview

The Club has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Club's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Club, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Club's activities. The Club, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Club's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Club.

Credit risk

Credit risk is the risk of financial loss to the Club if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Club's trade and other receivables and cash and cash equivalents.

Management of credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Club does not require collateral in respect of financial assets. The Club limits its exposure to credit risk on cash and cash equivalents

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

by only investing in current and deposit accounts with independently credit-related Australian standardised financial institutions. These are generally held on short terms (less than three months) to ensure funds are immediately accessible for operating and investing needs.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In AUD	Note	2020	2019
Cash and cash equivalents	8	387,639	605,740
Trade and other receivables	9	149,096	445,041
		536,735	1,050,781

As the Club only operates in Sydney, Australia and to retail customers the credit risk exposure by geographic and type of customer is limited to these groups respectively.

Based on historic default rates and the insignificant balance of trade receivables at the end of the year, the Club believes that no impairment allowance is necessary in respect of trade receivables.

The aging of the Club's trade receivables at the reporting date was:

In AUD	Note	Gross 2020	Impair- ment 2020	Gross 2019	Impair- ment 2019
Not past due	9	149,096	-	445,041	-

Liquidity risk

Liquidity risk is the risk that the Club will not meet its financial obligations as they fall due.

Management of liquidity risk

The Club's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's reputation.

The Club monitors cash flow requirements on a daily basis and optimises its payments and receipts cycle accordingly. Typically the Club ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2020

In AUD	Note	Carrying amount	Contractual cash flows	12 months or less	1-5 years	More than 5 years
Bank overdrafts	14	597,848	-	597,848	-	-
Trade and other payables	13	3,347,277	3,347,277	3,290,334	56,943	-
Developer refinancing	14	20,000,000	20,000,000	-	-	20,000,000
Lease liabilities	14	927,338	927,338	572,869	354,469	-
		24,872,463	24,274,615	4,461,051	411,412	20,000,000

31 December 2019

Bank overdrafts	14	415,885	-	415,885	-	-
Trade and other payables	13	4,379,011	4,379,011	4,261,003	118,008	-
Developer refinancing	14	20,000,000	20,000,000	-	-	20,000,000
Lease liabilities	14	1,263,587	1,263,587	586,348	677,239	-
		26,058,482	25,642,597	5,263,235	795,247	20,000,000

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Club's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Club's exposure to interest rate risk is primarily attributable to cash and cash equivalents and finance lease liabilities. The Club does not use derivatives to minimise this risk and these will fluctuate in accordance with movements in the market interest rates.

At the reporting date the interest rate profile of the Club's interest-bearing financial instruments was:

In AUD	Carrying amount 2020	2019
Fixed rate instruments		
Secured bank loan	(1,512,500)	(650,000)
Bank overdraft	(597,848)	(415,885)
Financial liabilities	(927,338)	(1,263,586)
	(3,037,686)	(2,329,471)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

In AUD	Carrying amount	
	2020	2019
Variable rate instruments		
Financial assets	387,639	605,740
Financial liabilities	-	-
	387,639	605,740

Fair value sensitivity analysis for fixed rate instruments

The Club does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Club does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020.

Effect in AUD	Profit or loss	
	100 bp increase	100 bp decrease
31 December 2020		
Variable rate instruments	3,876	(3,876)
Cash flow sensitivity (net)	3,876	3,876
31 December 2019		
Variable rate instruments	6,057	(6,057)
Cash flow sensitivity (net)	6,057	(6,057)

Fair values

Fair values versus carrying amounts

As at the reporting date, the carrying value of financial assets and liabilities are considered to approximate their fair value.

19 Contingencies

In AUD	2020	2019
Contingent liabilities remote		
Bank guarantee	10,000	10,000

20 Related parties

Key management personnel compensation

The key management personnel compensation comprised:

In AUD	2020	2019
Short-term employee benefits	603,672	591,761

Apart from the details disclosed in this note, no Director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel transactions with the Club

From time to time, the Directors of the Club may purchase goods from the Club. These purchases are on the same terms and conditions as those entered into by other Club employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, there have been no material contract entered between the Directors and the Club since the end of the previous financial year and there were no material contracts involving the Directors' interests existing at year end.

21 Subsequent events

COVID-19 continues to have an ongoing impact to the operation of the Club since it was declared as a public health emergency by the World Health Organisation on 31 January 2020. This is not deemed to be significant at this point however remains uncertain and may impact the Club's operation subsequent to the date of this financial report.

In addition, the Club has completed an amalgamation with The Catholic Club Ltd (TCCL) on 29 January 2021 after approval from its members through Special General Meeting. City Tattersalls Club becomes the continuing club at amalgamation completion.

Other than the above, 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 of the Club, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

22 Auditor's remuneration

In AUD	2020	2019
Auditor of the Club		
<i>KPMG Australia:</i>		
Audit of financial reports	82,500	82,500
Preparation of financial statements	8,000	8,000
Other assurance services	9,500	24,500
	100,000	115,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2020

23 Leases

See accounting policy in Note 3(k).

As lessee (AASB 16)

The Club leases a ski lodge (Boonoona), under operating leases. Information about leases for which the Club is a lessee is presented below.

a) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 11).

In AUD	Land and buildings	Total
Balance at 1 January 2020	214,379	214,379
Depreciation charge for the year	(25,221)	(25,221)
Balance at 31 December 2020	189,158	189,158

b) Lease liabilities included in the statement of financial position at 31 December 2020

In AUD	2020	2019
Current	24,594	23,405
Non-current	164,559	190,974
	189,153	214,379

ii) Amounts recognised in profit or loss

Interest on lease liabilities	1,275	1,279
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ii) Amounts recognised in statement of cash flows

Total cash outflow for leases	24,336	25,221
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As lessor

The Club leases out parts of its Club premise. The Club has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

In AUD	2020	2019
Less than one year	410,263	530,264
Two to five years	378,651	798,915
	788,914	1,329,178

DIRECTORS' DECLARATION

In the opinion of the Directors of City Tattersalls Club ("the Club"):

- (a) the financial statements and notes that are set out on pages 5 to 16, are in accordance with the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Act Amendment Act 1936, and the City Tattersalls Club Rules as Amended, including:
 - (i) giving true and fair view of the Club'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; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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

Patrick Champion
Chairman

Paul Cavallaro
Vice Chair

24 May 2021

INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2020



Independent Auditor's Report

To the Members of City Tattersalls Club

Opinion

We have audited the **Financial Report** of City Tattersalls Club (the Club).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Club as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *City Tattersall's Club Act 1912* as amended by the *City Tattersall's Club Act 1936*, and the *City Tattersall Club Rules* as amended.

The **Financial Report** comprises:

- *Statement of financial position* as at 31 December 2020
- *Statement of profit or loss and other comprehensive income, Statement of changes in members' fund, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Restriction on use

The Financial Report has been prepared to assist the Members of City Tattersalls Club in complying with the financial reporting requirements of the *City Tattersall's Club Act 1912* as amended by the *City Tattersall's Club Act 1936*, and the *City Tattersall Club Rules* as amended.

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

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

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INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2020



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of City Tattersall's Club Act 1912 as amended by the City Tattersall's Club Act Amendment 1936 and the City Tattersall's Club Rules as amended.
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Club's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

This description forms part of our Auditor's Report.

KPMG

Cameron Roan

Partner

Sydney

24 May 2021

