CAIRNS RSL CLUB ESPLANADE

FOR YEAR ENDING 31ST DECEMBER 2020

2020

ANNUAL REPORT

&

BALANCE SHEET

CAIRNS RSL CLUB LTD ABN: 50 050 489 720

Chair's Report

It is my privilege to deliver my first annual report, as Chair, to members of the Cairns RSL Club Ltd.

This report will cover the Club activities for year ending 31 December 2020 with some update into 2021. I am sure no will ever forget the year 2020 at all. Tumultuous for the whole planet and will be for some more time but thankfully Australia, Queensland and Cairns missed the worst of the world issues, although we had and still have to comply with health regulations of capacity and cleaning etc.

Our Club was closed for 3 months of 2020 (second quarter), and needless to say the annual budget prepared at the beginning of 2020 promptly went out the window.

Despite the upheavals for the year, and restricted capacity, the Club reported a profit of $180,407. Gross revenue of course was less but with some stringent operational processes being implemented and staff pitching in to support management and guests, we were able to register that profit and you will notice a higher than usual cash holding at the end of the year.

This necessary cash holding showing on the balance sheet as at 31 December 2020, whilst strong, is comprised of several items. In addition to our preserved Employee Entitlements, totalling $189,912 and operating floats of $108,000 we traditionally build up reserves toward the end of the year for the 'normal' slow time of the first few months of a new year, even more so necessary given the ongoing uncertainly in our market. It also consists of operational commitments and renovations savings. Just to clarify to members, the Club has to save considerable amounts for renovations as we are not in the position to borrow large amounts for works 3, 5, and up to 7 years in advance.

Craig will go over his financial analyses shortly.

During and after the lock down period, staff retention was extremely strong and they all came through with the assistance of the Job Keeper program. We dropped from Job Keeper at the end of the September quarter. That retention, especially in regards to core management staff, helped enormously when we re-opened for trade. During the lockdown, Craig was able to keep staff updated and engaged in anything including some charity work. Our Club also took the opportunity to re-do the floors and some paint work. All areas of the Club were deep cleaned and looked fresh for re-open.

We were disappointed that we could not offer our annual Community Benefit Fund program during 2020. We did not know how things would pan out in the short term and into the future (no one can know). Everyone was understanding of this and we assured those persons who did enquire that we will be back in 2021.

We did however, manage to deliver our FNQ Contemporary Fellowships through the Art Gallery. This agreement was signed prior to the Covid shutdown and we honoured that commitment, albeit a little late with the awards being in February 2021 (instead of November 2020). It was really pleasing to see the number of entries and the extreme diversity of those entries. We awarded 3 Fellowships of $7,500 each to allow artists the time and resources to develop a body of work for a solo exhibition. The Club was not involved in judging of the awards.

It was really heartening to read a thank you note from one of the Fellowship recipients. She included information about 2 other organisations her children belong to, that have received grants through the Community Benefit Fund. This really highlighted to us that our community endeavours

do make an impact on our ability to promote the RSL brand outside of the ADF community and to the general Cairns regional community.

I thank all our board members who have stayed during the duration of the on-going dispute with the Sub Branch. All board members keep abreast of industry briefings from relevant bodies and have embarked on a training program with the Australian Institute of Company Directors to keep up to date with governance and compliance matters for Company Directors. The Club's Board and management remain actively engaged with peak industry bodies including The RSL & Services Clubs association, Clubs QLD and Club Managers Association.

We will be workshopping our new Strategic Plan and Risk Management Framework later in the year and these will be conveyed to members and stakeholders in due course.

2021 Matters:

Since the signing of the audit financial statements, members would have heard that the Club and Sub Branch engaged in mediation after our Special General Meeting in April to sort the matter of the Deed document that has been an ongoing issue for a long time. This has been resolved. Obviously Note 15 of the Audit report no longer applies and there will be changes to Note 17. In due course, members will note significant changes to our Balance sheet from this year to next.

We know there has been some disgruntlement amongst members in regards to the confidentiality clauses and we apologise for that. It was never our intention to be exclusive and pride ourselves on being open with all member matters. However, as mentioned above, members will be able to deduce information from the financial reports, and next year we will be able to discuss those changes.

We do hope that moving forwards, both entities can get back to what each does best. However, we will not, or indeed by law cannot, tolerate any interference or mis-interpretation to our constitution or operations from anyone.

In doing that we also hope that some bridges can be mended just a little. As any member of both organisations can read from each constitution – we need each other but not to the detriment of the working of the other.

I thank all of my fellow board members including Craig, senior staff of Danny, 2 x Michaels, Viv, Brynn and all floor and administration staff, for their support of my time as Chair and through a really difficult time. Staff have been appreciative of informed updates to issues affecting their Club and jobs during the last few months.

More importantly we would not be in existence without you, our members, and we thank you and appreciate your support.

Gail Russell
Chair

General Managers Report

It is with collective relief that we put a line through 2020 and now look forward with considerably more optimism into the future.

I recall our last delayed AGM in July following the shutdown reporting on what had been a positive 2019 but still under clouds of uncertainty on several fronts. While trading we were operating under significant restrictions and expectations, facing so much uncertainly in our market and at the same time on-going issues with our key stakeholder and primary beneficiary the Sub Branch.

Prior to the Shutdown on March 23rd 2020 we had seen pleasing reward for our diligence and focus. Our below the revenue line result was pleasing with off season profitability considerably better than had ever been the case in the past. While it seems a distant memory in terms of how far we have come, the sense of uncertainty and apprehension was jarring for us all. Despite trading revenue drops of just under $2.4 million on the back of the shutdown and subsequent venue restrictions, we were able to take away some significant lessons, continuing learning things about the business. We have endeavoured to turn crisis into opportunity.

The efforts and positive attitude from the Club team have resulted in a return to trade better than we could have dared to hope for. Whilst we will detail further at the AGM, members will note from the financial statement's a good overall trading outcome, significant improvements in our cash position and the finalisation of lease agreements (kitchen work) ahead of schedule. The gains achieved through systems and structural efficiencies implemented pre-covid, continued on reopening and pleasingly have replicated across the first quarter of 2021.

Once again, our Staff are to be commended. We are blessed with a core of incredibly resilient and determined individuals. They share a genuine love for what they do and unique ownership of their roles, their commitment to the Club and real care for each other is something the board and I are incredibly proud of. At a time when as individuals there was so much doubt circling, the effort, ownership and care show by our people in shutting the venue down correctly was exceptional and went a long way to making the re-open so much easier. Over an extraordinary few days during the closure our team produced 3800 meals for Anglicare to assist foreign students and displaced persons, backing up with some significant maintenance work to the Car park gardens and back of house areas as well as a deep clean following the resurfacing of the floors just prior to re-opening. The character show by our staff, not only in response to the shutdown but to again pull together in the face of such uncertainty early this year has been exceptional.

One of the key learnings from the shutdown was making sure we re-enforce our ability to protect the business and staff from any such impacts moving forward. One of the key initiatives of the board has been to isolate funds to ensure there is full coverage of all staff entitlements moving forward, members will note this detail in the financials. Likewise, the ability to maintain adequate cash reserves to weather such an event and fund future development is imperative. Your board has committed to re-visiting the Clubs risk management framework in the near future, obviously our operating environment is significantly different to that of just a few years ago.

We look forward, now with optimism and a renewed sense of purpose towards a number of opportunities which we will detail further at the AGM. These opportunities both tangible in terms of enhanced member and customer experience and also intangible in regard to forward planning, governance and the search for increased systems efficiencies.

We recognise our core purpose of supporting the RSL movement and values, most specifically the Cairns RSL Sub Branch, however our role as a community club cannot be dismissed or forgotten in both supporting community endeavours but also raising the awareness of the brand and what it stands for outside the ADF family. We are looking forward to the return of our Community Benefit Fund (put on hold in 2020) and an opportunity to re-engage with those individuals and groups who so graciously seek our support. Likewise, our recent commercial sponsorship arrangement of the Cairns Art Gallery fellowships has proven to be a rewarding initiative into what represents a largely new and untapped segment for the club (and the RSL brand), in terms of exposure.

Much has been made of the recent resolution between the Club and Sub Branch. Its pertinent to point out that from the beginning your board has worked for a solution which benefited both parties and most importantly the overlapping membership base. We are pleased that an agreement has been achieved which allows your club to move forward with certainty. While the club's preference has always been and still is for full member disclosure, as members are aware the details of the agreement are currently subject to confidentiality veil. In due course the Clubs financial statements will clearly detail the outcome of this arrangement, however due to our financial statements being signed prior to the mediation, financial disclosure regarding the arrangement will not be fully transposed until the 2021 financials are released (2022 AGM). We look forward to presenting these outcomes in the future, and again stress that your boards preference is for full disclosure.

With the dispute having consumed so much time energy, club funds and resources over the past few years we would dearly hope that the relationship between the two groups can begin to mend. Your Board and management team will always act in the best interests of its members and will remain vigilant to ensure that a healthy and robust relationship is in place so that each organisation can achieve their objectives without interference or manipulation but rather through mutual support and respect.

In closing my most sincere thanks personally and on behalf of our staff and members to Chair Gail, immediate past Chair Mike and their fellow directors. This remarkable group of individuals give up their time, efforts, and considerable skills for something that they love. They continue to strive for the best outcomes for members despite on occasions having been subject to great frustration and in some cases attacks on their professional character. As a group they are to be commended for their solidarity, their desire to look forward and ability to collectively lift each other up when many would have easily walked away.

I look forward to seeing you all at the AGM

Craig Clark
General Manager

Cairns RSL CLub Ltd

ABN 50 050 489 720

Financial Statements

For the Year Ended 31 December 2020

Cairns RSL CLub Ltd

ABN 50 050 489 720

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For the Year Ended 31 December 2020

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Cairns RSL CLub Ltd

ABN 50 050 489 720

Directors' Report
31 December 2020

The directors present their report on Cairns RSL CLub Ltd for the financial year ended 31 December 2020.

Directors

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

Names	Position	Appointed/Resigned
Michael Libke	Director	31 August 2013
Gail Russell	Director	31 August 2013
Graham Caldwell	Director	31 August 2013
David Clifton	Director	31 August 2013
Peter Blackburn	Director	24 May 2015
Peter Sibree	Director	24 November 2020

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

Principal activities

The principal activity of Cairns RSL CLub Ltd during the financial year was the operation of a licensed bar restaurant and gaming facilities.

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

Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Michael Libke	11	11
Gail Russell	11	11
Graham Caldwell	11	10
David Clifton	11	11
Peter Blackburn	11	11
Peter Sibree	1	1

Cairns RSL CLub Ltd

ABN 50 050 489 720

Directors' Report

31 December 2020

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2020 has been received and can be found on page 3 of the financial report.

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

Director: ..... Director: .....

Dated this 14th day of April 2021

JESSUPS

INDEPENDENCE DECLARATION

TO THE DIRECTORS OF CAIRNS R.S.L CLUB LTD
FOR THE YEAR ENDED 31 DECEMBER 2020

We declare that, to the best of our knowledge and belief, in relation to the audit of Cairns R.S.L Club Ltd for the year ended 31 December 2020, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
Jessups

Darren Thamm
Partner

Dated in Cairns this 14th day of April 2021

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Cairns RSL CLub Ltd

ABN 50 050 489 720

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 $	2019 $
Revenue	4	**5,130,094**	6,982,123
Finance income		**343**	559
Lease income	10	**94,759**	-
Raw materials and consumables used		**(867,524)**	(1,432,393)
Employee benefits expense		**(1,701,171)**	(2,244,645)
Depreciation expense - Right-of-use assets		**(351,968)**	(351,968)
Depreciation expense - plant and equipment		**(503,652)**	(630,480)
Gaming Machine fees and taxes		**(428,456)**	(593,981)
Finance expenses	5	**(178,030)**	(199,755)
Repairs and maintenance		**(184,155)**	(205,784)
Electricity		**(138,602)**	(170,311)
Advertising and promotions		**(102,333)**	(197,592)
Insurance	10	**(94,564)**	(85,534)
Cleaning		**(79,877)**	(112,777)
Staff training, uniforms and travel		**(39,512)**	(53,032)
Sponsorship and donations		**(31,110)**	(57,536)
Entertainment		**(28,286)**	(73,939)
Printing and stationery		**(18,269)**	(29,871)
Rates		**(5,512)**	(12,192)
Vets/ADFS		**(8,276)**	-
Other expenses		**(283,492)**	(424,035)
Surplus/(Deficit) before income tax		**180,407**	106,859
Income tax expense		**-**	-
Surplus/(Deficit) for the year		**180,407**	106,859
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**180,407**	106,859

The accompanying notes form part of these financial statements.

Cairns RSL CLub Ltd

ABN 50 050 489 720

Statement of Financial Position
As At 31 December 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,055,834**	689,101
Trade and other receivables		**36,939**	42,339
Inventories		**59,166**	65,639
Other assets	8	**158,058**	209,741
TOTAL CURRENT ASSETS		**1,309,997**	1,006,820
NON-CURRENT ASSETS			
Other financial assets	7	**95,714**	95,714
Property, plant and equipment	9	**2,792,170**	3,433,974
TOTAL NON-CURRENT ASSETS		**2,887,884**	3,529,688
TOTAL ASSETS		**4,197,881**	4,536,508
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**465,142**	453,164
Borrowings	12	**-**	120,391
Lease liabilities	10	**344,962**	333,297
Employee benefits	14	**146,552**	109,381
Other financial liabilities	13	**38,986**	40,155
TOTAL CURRENT LIABILITIES		**995,642**	1,056,388
NON-CURRENT LIABILITIES			
Borrowings	12	**-**	93,106
Lease liabilities	10	**1,303,555**	1,648,517
Employee benefits	14	**43,360**	63,579
TOTAL NON-CURRENT LIABILITIES		**1,346,915**	1,805,202
TOTAL LIABILITIES		**2,342,557**	2,861,590
NET ASSETS		**1,855,324**	1,674,918
EQUITY			
Subordinated equity	15	**2,222,882**	2,222,882
Retained Surplus/(Deficit)		**(367,558)**	(547,964)
TOTAL EQUITY		**1,855,324**	1,674,918

The accompanying notes form part of these financial statements.

Cairns RSL CLub Ltd

ABN 50 050 489 720

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Subordinated equity	Retained Earnings	Total
	$	$	$
Balance at 1 January 2020	**2,222,882**	**(547,964)**	**1,674,918**
Surplus for the year	**-**	**180,407**	**180,407**
Total other comprehensive income for the period	**-**	**-**	**-**
Balance at 31 December 2020	**2,222,882**	**(367,558)**	**1,855,324**

	Subordinated equity	Retained Surplus	Total
	$	$	$
Balance at 1 January 2019	2,222,882	(654,823)	1,568,059
Surplus for the year	-	106,859	106,859
Total other comprehensive income for the period	-	-	-
Balance at 31 December 2019	2,222,882	(547,964)	1,674,918

The accompanying notes form part of these financial statements.

Cairns RSL CLub Ltd

ABN 50 050 489 720

Statement of Cash Flows
For the Year Ended 31 December 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**5,699,809**	7,579,748
Payments to suppliers and employees		**(4,625,811)**	(6,392,500)
Interest received		**343**	559
Interest paid - right-of-use leases		**(69,363)**	(80,073)
Interest paid - loans		**(11,380)**	(95,502)
Net cash provided by operating activities	18	**993,598**	1,012,232
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	7,600
Purchase of property, plant and equipment		**(213,816)**	(277,994)
Net cash provided by/(used in) investing activities		**(213,816)**	(270,394)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of borrowings		**(174,510)**	(113,701)
Principal repayments of lease liabilities		**(238,539)**	(305,981)
Net cash provided by/(used in) financing activities		**(413,049)**	(419,682)
Net increase in cash and cash equivalents held		**366,733**	322,156
Cash and cash equivalents at beginning of year		**689,101**	366,945
Cash and cash equivalents at end of financial year	6	**1,055,834**	689,101

The accompanying notes form part of these financial statements.

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

The financial report covers Cairns RSL CLub Ltd as an individual entity. Cairns RSL CLub Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Cairns RSL CLub Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company adopts the principle of mutuality with respect to income tax. Under the concept of mutuality, the Company is only liable for income tax on income derived from non-members less deductions attributable to that income.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) Goods and services tax (GST)

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

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

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

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Revenue from contracts with customers

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

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

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

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of goods

Revenue is recognised on transfer to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Membership fees

Membership Fees are recognised as revenue in the year to which they relate as the associated performance obligations are expected to be performed within the same 12 month period. Membership fees received in advance are recognised within Other Financial Liabilities in the Statement of Financial Position.

(d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Inventories

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

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Building improvements	5% - 15%
Plant & Equipment	13% - 33%
Right-of-Use - Buildings	20%

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

(g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

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

Financial assets

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

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

- amortised cost
- fair value through profit or loss - FVTPL (Nil held)
- fair value through other comprehensive income - equity instrument (FVOCI - equity) (Nil held)
- fair value through other comprehensive income - debt investments (FVOCI - debt) (Nil held)

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

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

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

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

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2 Summary of Significant Accounting Policies

(i) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

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

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

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments

For the purpose of measurement, AASB119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employee.

4 Revenue and Other Income

	2020	2019
	$	$
Revenue from contracts with customers (AASB 15)		
- Membership subscriptions	**31,822**	44,865
Revenue recognised on receipt (AASB 1058)		
- Gaming	**1,798,771**	2,412,455
- Catering	**1,158,207**	2,066,228
- Bar	**1,283,946**	1,975,739
- Cafe	**97,035**	259,189
- Keno and TAB	**67,840**	103,237
- Commissions received	**123,158**	46,767
- Other Income	**33,816**	73,644
- Jobkeeper Allowance	**535,500**	-
Total Revenue	**5,130,094**	6,982,123

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

5 Finance Expenses

	2020	2019
	$	$
Interest expense on sub-branch subordinated loan equity	**76,334**	79,626
Interest paid on bank loans	**11,381**	15,876
Interest expense on lease liability	**69,363**	80,073
Bank & finance charges	**20,952**	24,180
Total finance expenses	**178,030**	199,755

6 Cash and Cash Equivalents

	2020	2019
	$	$
Cash on hand	**108,395**	108,360
Bank balances	**947,439**	580,741
	1,055,834	689,101

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents			
Restricted for internal purposes	14	**189,912**	-
Unrestricted		**865,922**	689,101
Balance as per statement of cash flows		**1,055,834**	689,101

Restricted cash balances represent funds set aside for the future payment of employee entitlements provisions as and when required.

7 Other Financial Assets

	2020	2019
	$	$
NON-CURRENT		
Gaming machine entitlements	**95,714**	95,714
Total	**95,714**	95,714

8 Other Assets

	2020	2019
	$	$
CURRENT		
Prepayments	**92,443**	96,644
Security deposits	**65,615**	54,631
Capital works in progress	**-**	58,466
	158,058	209,741

9 Property, plant and equipment

	2020	2019
	$	$
Plant and equipment		
At cost	**2,542,835**	3,033,801
Accumulated depreciation	**(1,688,576)**	(2,030,501)
Total plant and equipment	**854,259**	1,003,300
Leasehold Improvements		
At cost	**3,804,585**	3,804,585
Accumulated amortisation	**(3,450,531)**	(3,309,737)
Total leasehold improvements	**354,054**	494,848
Right-of-Use - Buildings		
At cost	**2,287,794**	2,287,794
Accumulated depreciation	**(703,937)**	(351,968)
Total Right-of-Use - Buildings	**1,583,857**	1,935,826
Total property, plant and equipment	**2,792,170**	3,433,974

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

	Plant and Equipment	Leasehold Improvements	Right-of-Use - Buildings	Total
	$	$	$	$
Year ended 31 December 2020				
Balance at beginning of the year	**1,003,300**	**494,848**	**1,935,826**	**3,433,974**
Additions	**213,815**	**-**	**-**	**213,815**
Depreciation expense	**(362,856)**	**(140,794)**	**(351,969)**	**(855,619)**
Balance at the end of the year	**854,259**	**354,054**	**1,583,857**	**2,792,170**

10 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Company leases land and buildings for part of the premises located at 115 The Esplanade, Cairns. The lease is for a term of five years from July 2015 with one exercised option to allow the Company to renew the non-cancellable lease term for a further five years. Refer Note 17 regarding the exercising of the option by the Company.

The lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

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

10 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2020					
Lease liabilities	**402,660**	**1,811,970**	**-**	**2,214,630**	**1,648,517**
2019					
Lease liabilities	386,054	2,013,300	201,330	2,600,684	1,981,814

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020	2019
	$	$
Lease income - rent concessions	**94,759**	-
Interest expense on lease liabilities	**(69,363)**	(80,073)
	25,396	(80,073)

Statement of Cash Flows

	2020	2019
	$	$
Cash outflow for building leases	**(307,902)**	(481,556)

11 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**299,990**	294,064
GST payable	**96,958**	93,795
Sundry payables and accrued expenses	**41,397**	31,460
PAYG payable	**26,796**	33,846
	465,141	453,165

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

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

12 Borrowings

	2020 $	2019 $
CURRENT	-	-
Finance lease liability secured	-	120,391
NON-CURRENT		
Finance lease liability secured	-	93,106

13 Other Financial Liabilities

	2020 $	2019 $
CURRENT		
Amounts received in advance	**38,986**	40,155
Total	**38,986**	40,155

14 Employee Benefits

	2020 $	2019 $
CURRENT		
Long service leave	**28,786**	-
Annual leave	**117,766**	109,381
	146,552	109,381
NON-CURRENT		
Long service leave	**43,360**	63,579
	43,360	63,579

15 Equity

	2020 $	2019 $
Subordinated loan equity	**2,222,882**	2,222,882
Total	**2,222,882**	2,222,882

The subordinated loan between the Company and the Returned & Services League of Australia (Queensland Branch) Cairns Sub-Branch Incorporated (hereafter referred to as "Cairns RSL Sub-Branch") has been disclosed as equity consistent with previous years. Matters related to the subordinated loan equity are subject to dispute between the Company and Cairns RSL Sub-Branch. That dispute is or is likely to soon be the subject to proceedings before the Supreme Court of Queensland.

16 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 20 each towards meeting any outstandings and obligations of the Company. At 31 December 2020, the number of members was 10,352.

17 Going concern

The Cairns RSL Club Ltd is party to two contractual arrangements with the Cairns RSL Sub Branch, being the lease of the premises occupied by the Club disclosed at Note 10 and the subordinated equity arrangement disclosed at Note 15. There are presently two issues that could impact upon the continued operation by the Company of its business in its present form, namely:

a. The Company occupies the premises from which it undertakes its business ("the Business Premises") under lease from the Cairns RSL Sub-Branch. The lease is an equitable one and has arisen by the Company having exercised its option to renew the term (contained in a previous lease) in March 2020 without response from the Sub-Branch. The Company is not aware of any dispute concerning its right of occupation of the Business Premises pursuant to the equitable lease and has been given no explanation from the Sub-Branch as to why the Sub-Branch has failed to respond to the notice exercising the option to renew the term.

b. The subsisting dispute between the Company and the Sub-Branch referred to in Note 15 *Equity*.

The outcome of either of these issues present an inherent uncertainty that could impact on the ability of the Company to continue to conduct its business as a going concern.

18 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	**2019**
	$	**$**
Profit for the year	**180,406**	106,859
- Lease income rent concessions	**(94,759)**	-
Non-cash flows in profit:		
- depreciation	**855,620**	982,448
- net gain on disposal of property, plant and equipment	**-**	(2,073)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**57,085**	(100,588)
- (increase)/decrease in inventories	**6,473**	5,502
- increase/(decrease) in trade and other payables	**(28,179)**	12,232
- increase/(decrease) in employee benefits	**16,952**	7,852
Cashflows from operations	**993,598**	1,012,232

19 Events after the end of the Reporting Period

Other that the matter disclosed in Note 17 *Going Concern*, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

20 Statutory Information

The registered office and principal place of business of the company is:

Cairns RSL CLub Ltd
115 Esplanade
Cairns QLD 4870

Cairns RSL CLub Ltd

ABN 50 050 489 720

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 19, are in accordance with the *Corporations Act 2001* and:

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

   b. give a true and fair view of the financial position as at 31 December 2020 and of the 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 become due and payable.

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

Director ..... Director .....

Dated 14 April 2021

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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CAIRNS R.S.L CLUB LTD FOR THE YEAR ENDED 31 DECEMBER 2020

Report on the Audit of the Financial Report

Opinion

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

In our opinion, the accompanying financial report of Cairns R.S.L Club Ltd is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the 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.

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

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

Material Uncertainty regarding Going Concern

We draw attention to Note 17 in the financial report which indicates that there are matters ongoing between the Company and the Returned & Services League of Australia (Queensland Branch) Cairns Sub-Branch Incorporated that may impact on the Company's ability to continue to operate as a going concern. As stated in Note 17, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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 Company's Directors' report for the year ended 31 December 2020, but it 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Jessups

Darren Thamm
Partner

Dated in Cairns this 16th day of April 2021