

2019/20

Annual Report



Ocean Shores
country club
Est. 1972

www.oceanshorescc.com.au



ABN: 84 000 724 676

Financial Report for the year ended 30 June 2020

Contents

Notice of Annual Meeting	3
Membership	5
Chairman's Report	6
Treasurer's Report	7
General Manager's Report	8
Audited Financials	9

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51st Annual General Meeting of Members will be held in the Pacific Room at the Clubhouse, Orana Road Ocean Shores NSW 2483 commencing at 9.30am on Sunday 15th November 2020.

Please be aware that due to COVID-19 restrictions, seating will be arranged to conform with NSW Health orders in effect at the time of the meeting. Members attending the Annual General Meeting are required to follow all Staff directions in accordance with the Club's COVID-19 Management Plan.

Agenda

1. Welcome and Opening of the 51st Annual General Meeting.
2. Apologies.
3. To confirm the Minutes of the 50th Annual General Meeting held on Sunday 3rd November 2019.
4. To receive, consider and adopt the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020.
5. To consider and if thought fit, to pass Ordinary Resolution One which appears under the heading 'Notice of Ordinary Resolution One'.
6. To declare the results of the Ballot for positions on the Board of Directors for 2020-2021 in accordance with the Club's Constitution.
7. To deal with any other business for which due notice has been given and may lawfully be brought forward.

Members please note: To enable a considered response, any questions relating to the contents of the Reports to Members, must be submitted in writing to the General Manager no later than 5pm on Friday 6th November 2020.

By order of the Board of Directors,

Ian Wills JP (Qual.) ACCM

General Manager

15th October 2020

Notice of Ordinary Resolution One

That pursuant to Section 10(6A)(b) of the Registered Clubs Act 1976 the Members approve and agree to the following benefits and reasonable expenditure by the Club until the next Annual General Meeting:

- a. Directors education and training to comply with registered club corporate governance legislation.
- b. Directors attendance at industry meetings, seminars, training courses and conferences.
- c. To repay out of pocket expenses reasonably incurred by any member of the Board in the course of carrying out duties for the Club on production of a valid receipt and provided such expenses are approved by the Board.
- d. The reasonable cost of a meal and beverage for each Director immediately before or after a Board or Committee meeting.
- e. The reasonable cost of entertaining special guests of the Club.
- f. Provision of an electronic device for the use of each Director to access Board meeting and Club documents, seminar presentations and other Club-related communications.
- g. Provision of a Director uniform.
- h. Provision of a limited number of reserved car spaces in the Club's car park for the use of the Chairperson, Deputy Chairperson and General Manager.
- i. Benefits received by Members who are accepted into the membership Category of "Special Veterans" for the membership year 2020-2021.

The Members acknowledge that the above benefits are not available to Members generally but only for those who are Directors of the Club and those Members specified in the above activities.

Explanatory Message to Members Regarding Ordinary Resolution One:

Section 10 (1) (i) and (j) of the Registered Clubs Act 1976 prohibits the Club from offering a benefit or advantage to any Member (including a Director) unless it is offered equally to all Members of the Club.

Section 10 (6A)(b) of the Registered Clubs Act 1976 allows a Member to receive a benefit if the benefit conferred is not in the form of money and those benefits are approved by an ordinary resolution of the Members of the Club in general meeting prior to the benefit being provided.

THE MEMBERSHIP AS AT 30 JUNE	2019	2020
Life member	3	4
Male Golf	198	200
Female Golf	49	43
Male Bowler	42	49
Female Bowler	18	12
Social Bowler (male/female)	26	20
Male Golfer/Bowler	33	35
Female Golfer/Bowler	6	4
Special Veteran Golfer	3	8
Special Veteran Golfer/Bowler	2	5
Ordinary male/female	9	9
Male Country Golfer	18	27
Female Country Golfer	5	7
Social (male/female)	2543	2852
Country Golfer/Bowler (male/female)	1	1
Leave of Absence	1	0
Colt Golfer	2	3
Colt Golfer/Bowler	3	2
Midweek Golf (male/female)	89	100
Midweek Golfer/Bowler (male/female)	17	15
Remote Golfer male/female	13	10
Life Style Golf male/female	41	41
Life Style Golf / Bowler male/female	1	2
Multi/Mixed Bowler	0	10
6 Day Golfer male/female	20	19
6 Day Golfer/Bowler male/female	1	
80+ years Golfer	13	14
80+ years Golfer/Bowler		2
85+ Years Golfer	3	
85+ Years Golfer/Bowler	1	2
Intermediate Golfer male/female	24	29
Intermediate Golfer/Bowler (male/female)	3	3
Weekend Golfer (male/female)	8	3
Weekend Golfer/Bowler (male/female)	1	1
Junior Bowler		
Junior Golfer	10	8
Junior Golfer/Bowler		
Cadet Golfer	4	6
Cadet Golfer/Bowler		0
Total	3211	3546
Golf Members	569	592
Bowls Members	155	172

Please note members in Golfer/Bowler categories are counted in both Golf & Bowls totals.

CHAIRMAN'S REPORT

It would be difficult to commence this report without commenting on the unprecedented challenges facing the hospitality industry as a result of the global COVID-19 pandemic. Resulting social impacts and economic consequences have been felt at every level in our society. To comply with NSW Health Public Orders, our Club House was closed for three months until early June 2020. Our reopening was conducted under a strict COVID-19 Management Plan which continues to restrict patron numbers and movement at the Club. The journey is not over, pundits are forecasting a ten-year 'cycle of social change'.

The downturn in trade and ensuing financial stressors have placed the Club with a significant loss for the 2019 / 2020 year of \$221,396, details of our position are tabled in the Financial Statements. One must remember that financial pressures on the Club in terms of ongoing maintenance and course upkeep remained unchanged. It must also be mentioned that prior to the pandemic, the Club was already experiencing a significant downturn in revenue from gaming machines.

On the upside, we were fortunate that our Members and visitors continued to play golf during this period allowing participants to remain active and in contact with their friends. Unfortunately, bowlers received harsher restrictions and were subjected to return on a graduated basis.

Behind the scenes, the Board did not waiver with their responsibilities and excellent progress was made in areas including:

- **Strategic Plan.** Notwithstanding the unforeseen impact of COVID-19, the Club now has a Strategic Plan providing the Club with a clear blue-print for the bright future ahead.
- **Review of the Constitution and By-Laws.** Many thanks to Christine Fowler and Peta Price for driving this process. We now have a list of 'best practice' and legislative changes that will be put to Members in the new year.
- **New Accounting Systems.** Treasurer Will Jamieson invested considerable time restructuring our accounts as the Club migrated to the latest accounting package and improved administrative functions.
- **MiClub and SenPOS.** To replace aging membership and 'point of sale' systems, the Club has purchased the latest systems which are currently being implemented. Deputy Chairperson Melissa James has also been instrumental towards updating the Club's website.

Our staff have been outstanding in their application and loyalty during these uncertain times. Senior staff accepted salary reductions and modified working hours. This professionalism was regularly witnessed especially when restrictions placed unexpected pressures on our staff when applying the rules.

This has been an onerous and demanding year for our General Manager. His careful and thoughtful management of critical situations has been exemplary. The gradual changes that one can see being implemented is a further example of Ian's passion for Club life.

I must acknowledge all Directors for their support, motivation and due diligence when confronted with these uncertain times. While there were many robust discussions, our motivation always remained paramount when arriving at a decision that was in the best interest of the Membership.

To our Members who have lost a family member during the year, please accept my sincere condolences.

A major learning for future Boards will be to adopt a robust 'Crisis management Plan'. Boards and Managers will need to be flexible and adopt a broader approach when thinking about redefining our business model.

James Cotta
Chairperson

TREASURER'S REPORT

The audited books of account are submitted to the AGM. Please note the Auditor's Report and included notes.

Throughout the year the Board has successfully restructured some of the business areas in the Club to improve efficiencies and reduce costs and operating expenses. We have commenced introduction of key performance indicators for the various business areas of the Club, to improve management and transparency of our financial performance, and to provide a platform to facilitate the adoption of more flexible and timely strategies in preparation for future challenges. The implementation of new software and transaction systems throughout the Club, although slower than expected, has already demonstrated improved efficiencies, with the full benefits of these changes to be realised in the coming year.

However, the Club's income and earning capacity this year was again challenged with the continuing downturn in gaming machines revenue, combined with the extreme weather conditions of drought and severe storms, then bushfires. This was then further significantly compounded with the closures and restricted operations in the Club due to COVID-19.

While the Board explored options throughout the year to reduce our dependency on gaming machines revenue; and improve income generation by expanding our income streams through Events Management, Golf and Bowls; this was impeded and met with limited success due to the impact of the COVID-19 trading restrictions.

In the coming year the focus will continue to be on supporting the Club's financial viability into the future, whilst maintaining the delivery of high-quality services to members at a reasonable cost. The emphasis will continue on the adoption of strategies for increasing revenue, exploring further the diversification of our revenue streams, and ongoing implementation and development of additional methods of reducing costs in running the Club.

Through adopting pragmatic, realistic and responsible fiscal strategies; with targeted investment in facilities and continuing improvement in work processes and practices to reduce costs; the Board believes it can continue on the path of developing a vibrant, inclusive and sustainable Club for the future benefit of members, guests and staff.

W D Jamieson

Treasurer

GENERAL MANAGER'S REPORT

There can be little doubt that the 2019 / 2020 financial year has been among the most challenging years the Club has ever faced. Members will be aware that even prior to the pandemic, during the year the region has faced significant weather events including bush fires, drought and severe storms. Few would have known that events unfolding around the world early in the year would lead to the shutdown of our Club House on the 23 March 2020 and the uncertain situation we still find ourselves in at the time of this report.

There was nothing more personally heartbreaking than having to contact staff and advise that there was no longer work at the Club. Seeing the Club House 'moth-balled' is definitely something I hope we never have to experience again. Nevertheless, we were incredibly fortunate to be able to continue to offer golf as an activity to our members and I'm certain members have appreciated being able to engage with fellow members during this time.

We are fortunate to have such a great team of staff who pulled together whenever asked. Despite the Club being forced to make difficult decisions during this period, I'm extremely grateful for the efforts of our entire team to maintain the excellent standards our members enjoy.

As we continue to navigate through the pandemic and look towards better times ahead, there are many reasons to be excited. Most recently, we commenced transition to our new membership management system 'MiClub'. Coupled with 'MiClub', members will soon be enjoying a new 'point of sale' (POS) system, 'SenPOS'. Members will see great improvements in these areas including some great promotions and loyalty offers.

Of course there are many areas in our Club that require attention and plans continue to be developed to ensure maintenance and improvements to our facilities are on track while ever conscious of the limited resources available.

I would like to sincerely thank members, Club sponsors and our fabulous volunteers for their continued support of the Club. I would also like to thank Chairman James and the Board of Directors for their efforts during this particularly difficult period. To our staff, thank you one and all for your contributions during the year, 'tough times never last, but tough people do'!

Ian Wills

General Manager

Ocean Shores Country Club Ltd

ABN: 84 000 724 676

Financial Report for the year ended 30 June 2020

CONTENTS	Page
Directors' Report	10
Auditor's Independence Declaration	13
Statement of Profit or Loss	14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Directors' Declaration	32
Independent Auditor's Report	33

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
DIRECTORS' REPORT

Your directors present this report of the Ocean Shores Country Club Ltd ('the Club') for the financial year ended 30 June 2020.

Directors

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

Name	Appointed / Resigned	Position	Years as a Director
James Cotta	Appointed 03 November 2019	Chairperson	4
Melissa James	Appointed 03 November 2019	Deputy Chairperson	3
Will Jamieson	Appointed 03 November 2019	Treasurer	2
Lance Selleck	Appointed 03 November 2019	Golf Director	2
Neil McLeod	Appointed 22 November 2019	Bowls Director	< 1
David Harman	Appointed 03 November 2019	Director	2
Val Marsh	Appointed 03 November 2019	Director	< 1
Peter Kiernan	Appointed 03 November 2019	Director	< 1
Janine Howell	Appointed 03 November 2019	Bowls Director	2
	Resigned 08 November 2019		
Peter Bevan	Resigned 03 November 2019	Director	< 1
Andrew Cahill	Appointed 01 July 2019	Director	< 1
	Resigned 03 November 2019		

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

2019 – 2020 Sub-Committees:

Sub-Committee *	
Asset Management	M. James (Chair), D. Harman, V. Marsh
Bowls Management	N. McLeod (Chair)
Golf Management	L. Selleck (Chair)
Finance	W. Jamieson (Chair), M. James
Marketing & Sponsorship	D. Harman (Chair), P. Kiernan, V. Marsh
Disciplinary	W. Jamieson (Chair)
* James Cotta is ex-officio on all sub-committees	

Board of Directors Meetings

During the financial year twelve (12) ordinary meetings and eight (8) special meetings of the Board of Directors were held. Attendances by each director were as follows.

Name	Ordinary Meetings		Special Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
James Cotta	12	12	8	8
Melissa James	12	11	8	8
Will Jamieson	12	11	8	7
Lance Selleck	12	11	8	6
David Harman	12	11	8	7
Val Marsh	8	8	5	5
Peter Kiernan	8	8	5	5
Neil McLeod	8	7	4	4
Janine Howell	4	3	4	3
Peter Bevan	4	4	3	3
Andrew Cahill	4	3	3	3

OCEAN SHORES COUNTRY CLUB LTD
ABN: 84 000 724 676
DIRECTORS' REPORT

Company Secretary

The Company Secretary is Ian Wills.

Principal Activities

The principal activities of the Club during the financial year were:

- The principal activities of the Ocean Shores Country Club Ltd were the provision of social and sporting facilities and to provide members and members' guests with the facilities of a registered sporting club. There were no significant changes in the nature of the entity's principal activities during the financial year.

Core and Non-Core Property as required under Section 41J of The Registered Clubs Act

For the purposes of Section 41J of the Registered Clubs Act, the Board of Directors consider the physical premises of the Club, playing and practice areas of the golf course, two (2) bowling greens, two (2) asphalt car parks and grassed overflow car park to be 'core property' of the Club. Lot 1 DP 859951, Wiree Drive Ocean Shores and non-playing areas of the golf course as per land title deeds are considered to be 'non-core' property.

Short-term and Long-term Objectives

The Club's short-term objectives are to:

- Enhance members and visitors Golf, Bowls and social experiences;
- Continue to implement the Club's Strategic Plan;
- Maintain and update the Club House and sporting facilities including pool;
- Provide the best possible hospitality services to members and to the local community;
- Develop and implement strategies to minimise the impact of the 2020 COVID-19 pandemic;
- Ensure ongoing profitability of the Club; and
- Promote the sporting and social operations of the Club.

The Club's long-term objectives are to:

- Increase membership numbers and participation of Club members by promoting the sporting and social operations of the Club;
- Investigate, develop and complete objectives identified in the Club's Strategic plan;
- Diversify income streams;
- Maintain a financially healthy business;
- Plan for future development and expansion of the Club and facilities; and
- Grow the Club's operations.

Strategies

To achieve its stated objectives, the Club has adopted the following strategies:

- The preparation of an annual budget for financial performance. Management and directors regularly review the Club's performance against the budget;
- Marketing and promoting the Club's facilities, services including sporting and social activities;
- Create and maintain a safe and family friendly club environment, and
- Further develop the Club's financial strategies.

Key Performance Measures

The Club uses the following key performance indicators to measure performance:

- Wages costs;
- Profit margins;
- Operating surplus;
- Golf, bowls and social participation; and
- Comparisons to industry benchmarking and budgeted performances.

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Club. At 30 June 2020, the total amount that members of the Club are liable to contribute if the Club is wound up is \$6126 (2019: \$6,428).

Significant changes in the state of affairs

Members' attention is drawn to the Financial Statements and in particular the Statement of Profit or Loss, Note 14 (Liquidity) and Note 18 (The COVID-19 Pandemic). Members are advised that prior to the forced shutdown of Club House trading on 23 March 2020 due to COVID-19, the Club had already experienced a significant decrease in revenue from gaming machines. This decrease in revenue has significantly impacted the Club's position at 30 June 2020.

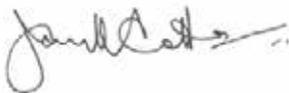
Directors Benefits

During or since the end of the financial year, no director of the Club has received or become entitled to receive any benefit by reason of contract made by the Club or with a firm of which a director is a member, or with an entity in which a director has a substantial interest.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 13 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Director

James Cotta

Dated this 19th day of October 2020

**OCEAN SHORES COUNTRY CLUB LTD
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OCEAN SHORES COUNTRY CLUB LTD**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors. As the auditor for the audit of the financial report for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

WFD Assurance Services Pty Ltd

Name of Firm WFD Assurance Services Pty Ltd

B. G. Dunnett

Name of Partner Barry Dunnett

Date 14/10/2020

Address **Office**
11 Nunawading Crt
Robina, QLD 4226

Registered Office
39 Wharf Street
Tweed heads, NSW 2485

OCEAN SHORES COUNTRY CLUB LTD
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Current \$	Prior \$
Revenue	2	3,812,901	4,418,116
Other income	2	318,685	37,146
Employee benefits expense	3(a)	(1,660,619)	(1,606,537)
Depreciation and amortisation expense	3(a)	(463,103)	(452,398)
Interest expense	3(a)	(31,536)	(24,843)
Cost of sales	3(a)	(883,144)	(963,405)
Other expenses	3(b)	<u>(1,314,580)</u>	<u>(1,438,888)</u>
Profit/(loss) before income tax		(221,396)	(30,809)
Tax expense	1(j)	-	-
Profit/(loss) for the year		<u><u>(221,396)</u></u>	<u><u>(30,809)</u></u>

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	Current \$	Prior \$
Profit/(loss) for the year		(221,396)	(30,809)
Total comprehensive income for the year		<u>(221,396)</u>	<u>(30,809)</u>

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Current \$	Prior \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	539,348	211,712
Trade and other receivables		159,725	42,755
Inventories		158,894	147,060
Prepayments		21,366	10,541
Total current assets		<u>879,333</u>	<u>412,068</u>
Non-current assets			
Property, plant and equipment	5	2,647,122	2,924,319
Total non-current assets		<u>2,647,122</u>	<u>2,924,319</u>
TOTAL ASSETS		<u>3,526,455</u>	<u>3,336,387</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	826,425	484,500
Borrowings	7	367,576	168,247
Provisions	8	105,609	155,530
Total current liabilities		<u>1,299,610</u>	<u>808,277</u>
Non-current liabilities			
Trade and other payables	6	61,401	69,585
Borrowings	7	101,856	189,210
Provisions	8	47,275	31,606
Total non-current liabilities		<u>210,532</u>	<u>290,401</u>
TOTAL LIABILITIES		<u>1,510,142</u>	<u>1,098,678</u>
NET ASSETS		<u>2,016,313</u>	<u>2,237,709</u>
EQUITY			
Retained surplus		1,987,261	2,208,657
Reserves		29,052	29,052
TOTAL EQUITY		<u>2,016,313</u>	<u>2,237,709</u>

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Retained Earnings		Capital Profits Reserve	Total
		\$	\$	\$	\$
Balance - beginning of prior year		2,239,466		29,052	2,268,518
Comprehensive Income					
Profit/(loss) for the year		(30,809)		-	(30,809)
Total comprehensive income attributable to the entity		(30,809)		-	(30,809)
Balance - end of prior year		2,208,657		29,052	2,237,709
Balance - beginning of current year		2,208,657		29,052	2,237,709
Comprehensive Income					
Profit/(loss) for the year		(221,396)		-	(221,396)
Total comprehensive income attributable to the entity		(221,396)		-	(221,396)
Balance - end of current year		1,987,261		29,052	2,016,313

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Current \$	Prior \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, tenants and patrons		4,461,819	4,874,397
Payments to suppliers, employees and ATO		(4,028,768)	(4,565,400)
Interest received		51	710
Interest paid		(31,536)	(24,843)
Net cash (used in/)/generated from operating activities	6(b)/18	401,566	284,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	5,454
Payment for property, plant and equipment		(116,322)	(240,920)
Net cash from/(used in) investing activities		(116,322)	(235,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(150,000)
· supplier instalment arrangements		(28,556)	(1,799)
· finance leases		(11,235)	(12,609)
· equipment bank loan		(85,280)	(209,309)
· right of use lease liabilities		(34,285)	-
Proceeds from borrowings (business & equipment loans)		201,748	100,856
Net cash from/(used in) financing activities		42,392	(272,861)
Net increase in cash held		327,636	(223,463)
Cash on hand at beginning of the financial year		211,712	435,175
Cash on hand at end of the financial year	4	539,348	211,712

The accompanying notes form part of these financial statements.

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The company applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 16 October 2020 by the directors of the company.

Accounting Policies

(a) Revenue

Government grants used for property plant and equipment purchases. Receiving a grant to purchase property, plant and equipment for internal use is not a contract with the customer and therefore the revenue standard AASB 15 does not apply.

Where the purchase of property, plant and equipment does not in itself, enable the entity to further its objectives, the Board are of the opinion AASB 1058 Income of Not for Profit entities does not apply either. Accordingly the Board then looked at other accounting standards and in their opinion AASB 120 is the best fit. The government grant is recognised in profit or loss on a systematic basis over the useful life of the property plant and equipment acquired in such instances.

Gaming subsidies are recognised in the period received, which aligns with the timeframe the poker machines are patronised.

Revenue from gaming is derived from poker machines and is recognised 'net' of payouts to players.

Revenue from beverage sales is recognised when beverage is acquired by patrons.

Revenue from raffles is derived from ticket sales and is recognised in the period the raffle is drawn.

Sponsorship revenue is recognised upon invoice to the sponsor; this amount is determined in accordance with the amount pledged and the timing with which the agreed pledge will flow to the Company.

Revenue from members subscriptions is aligned with the period the members utilise the facilities provided and paid for. Those received in advance for future years are deferred until those timeframes are reached and are recognised, in the meanwhile, as a liability in the statement of financial position.

Revenue from competition and green fees are recognised when the golf course is used by playing patrons for such purposes. The receipt of fees and playing of golf usually occurs in the same timeframe.

Revenue from mat fees is recognised in the period the bowling green is used by playing patrons for such purposes. The receipt of fees and playing of bowls usually occurs in the same timeframe.

Revenue from promotional rebates are recognised in the period they are earned, per the negotiated contracts.

Commission revenue derived from patronising the ATM, Keno and TAB facilities provided, are recognised in the period it is earned.

Donations and bequests are recognised as revenue when received.

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

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

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(b) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

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

(c) Property, Plant and Equipment

The entity applies the cost model as its accounting policy to property, plant and equipment.

Freehold Property

Freehold land is shown at cost.

Buildings are shown at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of buildings is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised in profit and loss.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 5%
Plant and equipment	7.5 - 34%
Leased plant and equipment	10%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Your attention is drawn to note 13.

(e) Financial Instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest method. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment (loss allowance), and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

(g) Employee Benefits

Employee benefit obligations are presented as current liabilities if the organisation does not have an unconditional/vested right to defer settlement for at least 12 months after the year end, irrespective of when the actual settlement is expected to take place, and are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

(i) *Annual leave*

Annual leave shall be presented as a current liability, notwithstanding that historical records will confirm that staff are unlikely to take their full entitlement within 12 months of the year end.

(ii) *Long service leave*

Long service leave shall be presented as a current liability, to the extent that employees have a vested right there to, notwithstanding that their expectations or historical records will confirm that staff are unlikely to take their full entitlement within 12 months of the year end.

Long service leave shall be presented as a non-current liability, to the extent that employees do not have a vested right thereto.

Long service leave is accrued at the rate of pay that is expected to be in force when it is taken and then discounted back to current present value. This only applies to non-current liabilities.

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Retirement benefit obligations*Defined contribution superannuation benefits*

All employees of the entity receive defined contribution superannuation entitlements, for which the entity pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(k) Provisions

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

(l) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Critical Accounting Estimates and Judgements

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

Key estimates*Long Service Leave Entitlement*

Assessments are made on the probability of staff taking long service leave. This took into account history within the Club itself and characterisation of the Club industry. Staff with five years services were assessed at 55%, six years at 65%, seven years at 75%, eight years at 80% and beyond that at 100%.

Depreciation

Assessments are made on the useful lives of fixed assets. Depreciation rates are set accordingly.

(o) Economic Dependence

Ocean Shores Country Club Ltd is dependant on the bank's loan facility, from time to time, to meet the shortfall in the liquidity position. Your attention is drawn to note 14.

Ocean Shores Country Club Ltd is dependent on the members and patrons for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the members and patrons will not continue to support Ocean Shores Country Club Ltd.

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Revenue and Other Income

Revenue	Note	Current \$	Prior \$
Revenue from government grants and operating activities			
— Government subsidy		17,180	17,180
— Gaming	2 (a)	535,845	868,792
— Beverage		1,330,667	1,458,845
— Golf membership		341,092	335,981
— Entertainment and promotions		154,956	157,708
— Pro-shop - product sales		313,911	325,146
— Bowling		67,322	89,717
— TAB, Keno and ATM commission		76,572	95,456
— Raffles - house		48,002	61,304
— Other		134,576	102,460
— Golf - comp and green fees		547,293	613,997
— Pro-shop - cart hire and sundries		171,485	193,154
— Prior year revenue adjustment		-	56,976
— Grants - generator & practice range shelter		8,184	4,122
— Sponsorship		65,765	36,568
	18	<u>3,812,850</u>	<u>4,417,406</u>
Other revenue			
— Interest received		51	710
		<u>51</u>	<u>710</u>
Total revenue		<u>3,812,901</u>	<u>4,418,116</u>
Other income			
— Gain on disposal of property, plant and equipment		-	5,455
— Donations - Peter Irby Charity		-	31,691
— Donations		28,685	-
— Federal government Jobkeeper subsidy		240,000	-
— Federal government cash flow boost subsidy		50,000	-
Total other income	18	<u>318,685</u>	<u>37,146</u>
Total revenue and other income		<u>4,131,586</u>	<u>4,455,262</u>

2 (a) The reduction in gaming revenue has had a material impact on the results and cashflow of the company in the current financial year.

Note 3 Expenses

Expenses	Note	Current \$	Prior \$
a. Expenses			
Employee benefits expense:			
— Employee benefits expense including contributions to defined contribution superannuation funds		1,660,619	1,606,537
— Employee on-costs	3(b)	86,305	98,600
Total employee benefits expense		<u>1,746,924</u>	<u>1,705,137</u>
Depreciation and amortisation:			
— Land and buildings		124,640	124,717
— Plant and equipment		300,028	321,106
— Leased assets		6,574	6,575
— Right of use assets		31,861	-
Total depreciation and amortisation		<u>463,103</u>	<u>452,398</u>

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Finance costs:			
—	interest expense on financial liabilities, equipment loans & leases	31,536	24,843
Cost of sales			
—	Bar	588,032	657,574
—	Pro-shop	217,298	223,080
—	Half Way House	77,814	82,751
	18	883,144	963,405
(b) Other			
—	Repairs and Maintenance	182,885	187,016
—	Prizes	105,294	117,206
—	Advertising & promotions	86,579	102,893
—	Employee on costs	86,305	98,600
—	Electricity & gas	70,924	83,526
—	Fertilisers, sand and chemicals	66,917	83,473
—	Raffle & members draw	64,295	64,631
—	Insurance	53,699	54,467
—	Accounting and audit	42,402	23,360
—	Rates and water	40,342	36,953
—	Affiliation fees	40,074	30,704
—	Entertainment	38,885	38,191
—	Cleaning supplies & rubbish removal	31,409	27,528
—	Fuel and other vehicle costs	30,214	42,917
—	Donations - Peter Irby Charity	29,270	31,691
—	Security	27,541	23,633
—	Foxtel	24,643	33,103
—	Mid week packages-lunches	22,052	27,999
—	Central Monitoring	15,154	20,055
—	Operating lease rentals	-	29,088
—	Other operating expenses	255,696	281,854
	18	1,314,580	1,438,888

3 (i) This includes the externally provided management and financial accounting roles of \$ 17,676.

Note 4 Cash and Cash Equivalents

	Note	Current \$	Prior \$
CURRENT			
Cash float		121,111	95,650
TAB Account		504	5,191
Keno Account		10,475	12,698
Business Management Account		398,029	45,266
On Line Saver		-	42,626
Heritage Foundation Acc - CBA	6(b)	9,229	10,281
Total cash on hand as stated in the statement of financial position and statement of cash flows		539,348	211,712
		539,348	211,712

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5 Property, Plant and Equipment

	Current \$	Prior \$
LAND AND BUILDINGS		
Freehold land:		
— At cost	472,216	472,216
Total land	472,216	472,216
Buildings:		
— At cost	2,394,338	2,394,338
— Less accumulated depreciation	(1,249,855)	1,269,123
Total buildings	1,144,483	1,269,123
Total land and buildings	1,616,699	1,741,339
PLANT AND EQUIPMENT		
Plant and equipment:		
— At cost	3,941,607	4,012,901
— Less accumulated depreciation	(2,962,907)	(2,873,894)
	978,700	1,139,007
Capitalised leased assets:		
— At cost	65,737	65,737
— Less accumulated amortisation	(31,447)	(24,874)
	34,290	40,863
CAPITAL WORKS IN PROGRESS (CWIP)		
— At cost	3,110	3,110
	3,110	3,110
RIGHT OF USE ASSETS		
At cost	46,184	-
Less accumulated amortisation	(31,861)	-
	14,323	-
Total plant and equipment	1,030,423	1,182,980
Total property, plant and equipment	2,647,122	2,924,319

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant and Equipment \$	Leased Assets \$	Capital Works in Progress \$	Total \$
Current						
Balance at the beginning of the year	472,216	1,269,123	1,139,007	40,863	3,110	2,924,319
Net additions at cost/transfers	-	-	185,906	-	-	185,906
Depreciation expense	-	(124,640)	(331,889)	(6,574)	-	(463,103)
Carrying amount at the end of the year	472,216	1,144,483	993,024	34,289	3,110	2,647,122

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(a)	Fixed asset additions/assets capitalised in current financial year	185,906
	— Less asset additions in terms of right of use lease agreements	(46,184)
	— Less finance provided by poker machine suppliers through extended terms/ instalment arrangements (which doesn't involve the movement of cash)	(23,400)
		<u>116,322</u>

Fixed assets paid from the company's cash & cash equivalents and disclosed under 'investing activities' per cashflow statement 116,322

Note 6 Trade and Other Payables

	Note	Current \$	Prior \$
CURRENT			
Trade payables		77,880	56,388
Deferred income - membership fees in advance		342,570	267,666
Accrued expenses and other payables		25,082	10,220
Australian Tax Office - GST and PAYG	10,18	258,800	38,932
Golf points, Prize Ledger and E-Wallet liability		64,791	55,974
Sponsorships payable		-	36,849
Grants - generator and practice range shelter		8,190	8,190
Heritage Foundation	6(b)/4	10,031	10,281
Superannuation and other payroll liabilities	18	39,081	-
	6(a)	826,425	484,500
NON-CURRENT			
Grants- generator & practice range shelter		61,401	69,585
	6(a)	61,401	69,585

		Current \$	Prior \$
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
— Total current		826,425	484,500
— Total non-current		61,401	69,585
		887,826	554,085
Less deferred income		(342,570)	(267,666)
Financial liabilities as trade and other payables	12	545,256	286,419

(b) Heritage Foundation

The corresponding bank account is disclosed in note 4. The inclusion of the Heritage Foundation in the cashflow statement does not have a material impact thereon.

Note 7 Borrowings

	Note	Current \$	Prior \$
CURRENT			
Lease liabilities	7(c)	13,783	13,783
Instalment arrangements	7(b)	33,235	28,794
Bank Loans - equipment	7(a)	113,613	125,670
Bank loans	7(a)	201,748	-
Right of use lease liability	15	5,197	-
		367,576	168,247

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NON-CURRENT			
Lease liabilities	7(c)	1,084	12,320
Instalment arrangements	7(b)	-	9,598
Bank Loans - equipment	7(a)	94,070	167,292
Right of use lease liability	15	6,702	-
		<u>101,856</u>	<u>189,210</u>
TOTAL BORROWINGS	12	<u>469,432</u>	<u>357,457</u>

(a) Bank Loans

— **Better Business**

The company has a Better Business Loan facility of \$600,000 with the Commonwealth Bank of Australia (CBA).

- The loan matures on 12 March 2023
- This is a 'redraw' facility.
- The company is only required to service the interest component until the loan matures.

Bank loan details

Facility summary

Total facility summary at 30 June 2020	Interest	Period	Repayment arrangements	Facility	Utilised	Available
— Better Business Loan	Variable - base rate less 3.4%	20/11/19-12/03/23	interest only until 12/03/23	600,000	(201,748)	398,252
— Corporate Charge Card	Variable		closed	25,000	-	25,000
				<u>625,000</u>	<u>(201,748)</u>	<u>423,252</u>

— **Security for the Better Business Loan and Corporate credit card**

- A First Rank Registered Mortgage by Ocean Shores Country Club Ltd ACN 000 724 676 over the commercial property situated at 113A Orana Rd, Ocean Shores
- General security interest by Ocean Shores Country Club Ltd ACN 000 724 676 comprising: First Ranking Charge over All Present & After acquired Property.

— **Equipment loans - Commonwealth Bank of Australia (CBA)**

Such loans were taken out for the purpose of acquiring plant and machinery for use on the golf course, and golf carts for hiring

Aggregated details of such loans are as follows:

	Expires	Monthly repayment \$	Balance at end of current year \$	Balance at end of prior year \$
Plant and machinery (golf course, equipment)	15/10/18 - 12/9/21	5,788	82,149	130,750
Plant and machinery (golf carts)	2/03/2021	4,840	125,533	162,212
		<u>10,628</u>	<u>207,682</u>	<u>292,962</u>

— **Security for equipment loans**

The bank holds security over the respective equipment to cover the indebtedness to the bank.

(b) Instalment arrangements

This represents instalment arrangements to acquire poker machines and office equipment where the supplier acts as the financier. The arrangements are secured to the extent that the equipment remains the property of the supplier until the final instalment has been paid. The cash flow statement reports as a cash outflow, under the financing activities category, instalment repayments.

(c) Lease liabilities

- The company entered into a lease arrangement with Commonwealth Bank of Australia (CBA) in respect of plant and
- \$1,263 is payable monthly over 60 months with a residual of \$10,846.
- The balance at 30 June 2020 was \$14,867 (2019:\$26,103).

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8 Provisions

	Current	Prior
CURRENT	\$	\$
Provision for employee benefits: annual leave	72,979	82,410
Provision for employee benefits: long service leave	32,630	73,120
	<u>105,609</u>	<u>155,530</u>
NON-CURRENT		
Provision for employee benefits: long service leave	47,275	31,606
	<u>47,275</u>	<u>31,606</u>
	<u>152,884</u>	<u>187,136</u>

Analysis of total provisions:

	Employee Benefits
Opening balance	187,136
Additional provisions raised during the year	88,272
Amounts used	<u>(122,524)</u>
Closing balance	<u>152,884</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

Note 9 Capital and Leasing Commitments

(a) Finance Lease Commitments	Note	Current	Prior
Payable – minimum lease payments:		\$	\$
— not later than 12 months	7(c)	13,783	13,783
— between 12 months and five years	7(c)	1,084	12,320
		<u>14,867</u>	<u>26,103</u>

(b) Operating Lease Commitments

Your attention is drawn to note 13 - AASB 16 Leases

Note 10 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

At 30 June 2020 the Company owed \$258,800 to the ATO in relation to GST and PAYG. Subsequent to the year end the Company entered into a repayment arrangement with the ATO. In terms of this arrangement \$112,720 was repaid in August 2020 with the balance of \$146,080 to be repaid in 24 equal monthly instalments of \$6,086.66 commencing on 18 September 2020.

Note 11 Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the entity during the year are as follows:

	Current	Prior
	\$	\$
KMP compensation:	<u>268,280</u>	<u>231,633</u>

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 12 Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, short-term and long-term investments, payables and borrowings.

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

	Note	Current	Prior
Financial assets			
— cash and cash equivalents	4	539,348	211,712
— trade and other receivables		159,725	42,755
Total financial assets		699,073	254,467
Financial liabilities			
— trade and other payables	6(a)	545,256	286,419
— borrowings	7	469,432	357,457
Total financial liabilities		1,014,688	643,876

Note 13 Impact of New Standards

AASB 16 - Leases

AASB 16 came into effect and was adopted by the Company on 1 July 2019, replacing AASB 117: Leases and related accounting interpretations. The Company applied the modified retrospective approach under paragraph C8(b)(ii).

The Company has operating lease contracts for various items of plant and equipment which are recognised on the balance sheet at commencement of the lease, with the exception of short-term leases not exceeding 12 months and leases of low-value assets. The Company applied practical expedients and the exemptions to short-term leases and low-value underlying assets available in the accounting standard.

The Company recognises a right-of-use asset and a corresponding lease liability in the amount of the present value of the remaining lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term.

Where the Company has the option to renew the lease the Company applies judgement and considers all relevant factors in assessing whether it is reasonably certain to exercise an option. This assessment is performed periodically, and when the Company is reasonably certain to exercise an option to extend the duration of a lease, that option is then taken into account in calculating or recalculating the right-of-use asset and lease liability.

Impact of adoption of AASB 16

The Company adopted AASB 16 on a modified retrospective basis, and as permitted by the standard, the comparatives have not been restated. Depreciation of right of use assets of \$34,285 has been expensed in the year. The net impact of AASB 16 on retained earnings was \$0.

The full impact of AASB16 on the Company's financial position and results is set out in Note 15

Note 14 Liquidity position

The Company's current liabilities exceed its current assets by \$420,277 at 30 June 2020 (2019: \$396,209).

This together with other liquidity ratios indicate that it is necessary from time to time to access the bank's available Better Business loan facility of \$600,000 to settle creditors when they fall due.

The facility matures on 20 November 2022. (See note 7(a))

The company is significantly reliant on the Banks' ongoing provision of the loan funding more fully discussed in note 7(a).

The Directors have no reason to believe that this support will not continue for the foreseeable future.

Your attention is drawn to note 10 - events after balance sheet date - regarding the repayment of ATO liabilities.

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 15 Right of use assets and liabilities

	Current \$	Prior \$
RIGHT-OF-USE ASSETS		
Net book value	14,323	-
	14,323	-
RIGHT-OF-USE LEASE LIABILITIES		
CURRENT		
Right of use lease liability	5,197	-
	5,197	-
NON-CURRENT		
Right of use lease liability	6,702	-
	6,702	-
TOTAL BORROWINGS	11,899	-
Right of use lease liabilities are secured by the underlying leased assets.		
Amortisation expense for right of use assets	34,285	-
	34,285	-

These have been recognised and disclosed in accordance with the principles set out in Note 13

Note 16 Entity Details

The registered office of the entity is:

Ocean Shores Country Club Ltd
Orana Road
Ocean Shores NSW 2483

The principal place of business is:

Ocean Shores Country Club Ltd
Orana Road
Ocean Shores NSW 2483

Note 17 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that members are required to contribute a maximum of \$6,126 towards meeting any outstanding obligations of the entity.

Note 18 The COVID-19 pandemic

The coronavirus pandemic (Covid-19) resulted in the closure of clubs and other hospitality venues from midday 23 March 2020, to slow its spread.

Clubs were permitted to reopen on 1 June 2020, but capacity was restricted under social distancing measures.

Pre year-end ('current financial year')

Covid 19 has had a material impact on the core revenue, expense structures and cashflows of the company for the current financial year.

Federal Government's response to the pandemic, through various stimulus measures has countered this impact, more fully disclosed under 'other income' (note 2).

OCEAN SHORES COUNTRY CLUB LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- **Cash flow boost**

Effectively a waiver of the whole or part of the pay-as-you-go liability. It is conditional upon the company incurring a salary expense and therefore a withholding tax liability for pay-as-you-go.

Recognition has been in the period in which the relevant conditions were fulfilled.

- **Job keeper**

Job keeper is a wage subsidy, payable as legislated for each employee.

Recognition has been in the period in which the relevant conditions were fulfilled.

The New South Wales government announced that payroll tax had been deferred for six months. Amounts payable to the ATO were permitted to be deferred too (your attention is also drawn to note 10) This has had a positive impact on the company's cash flow.

Post year end

The Covid-19 situation has continued. The club has remained open. Social distancing measures have gradually eased, in accordance with State government instructions, thereby permitting more patrons into the club.

Government stimulus measures described above continued at their pre-year end levels until 30 September 2020.

Cash flow boost ended on 30 September 2020.

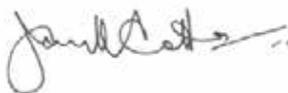
Eligibility for job keeper 2 and 3 is dependent on revenue levels for the quarters ended 30 September 2020 and 31 December 2020, respectively.

The pandemic has caused considerable uncertainty for the world-wide economy. It's impact on the company's future financial performance, financial position and liquidity remains uncertain at the date of this report.

**OCEAN SHORES COUNTRY CLUB LTD
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Ocean Shores Country Club Ltd, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 13 to 30, satisfy the requirements of the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards applicable to the entity; and
 - (b) give a true and fair view of the financial position of the entity as at 30 June 2020 and of its performance for the year ended on that date.
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.



Director

James Cotta

Dated this 19th day of October 2020

**OCEAN SHORES COUNTRY CLUB LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCEAN SHORES COUNTRY CLUB LTD**

Opinion

We have audited the financial report of the company which comprises: 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 the entity is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the company's financial position at 30 June 2020 and its performance for the year then ended
- ii. complying with Australian Accounting Standards to the extent disclosed in note 1 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 entity 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, 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.

Emphasis of matters

Without modifying our audit opinion, your attention is drawn to:

note 2 which discloses a material reduction in gaming revenue. This has had a material impact on the company's results and cashflow in the current year (note 2 a)

note 10 which more fully describes extended repayment arrangements with the ATO - post balance sheet date

note 14 which more fully describes the company's liquidity position and it's reliance on bank support via their facilities provided.

note 18 which more fully describes the impact of Covid 19, the response by government via subsidies ('other income' per note 2) and extended repayment terms provided.

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 entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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 were provided the Directors report: we have nothing to report in this regard. We were not furnished with any other information (i.e. other reports included in the entity's annual report): we do not report thereon as we have not read them.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern,

**OCEAN SHORES COUNTRY CLUB LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCEAN SHORES COUNTRY CLUB LTD**

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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

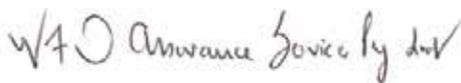
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's name and signature:



Barry Dunnett

Name of firm:



WFD Assurance Services Pty Ltd

Address:

Office
11 Nunawading Crt
Robina, QLD 4226

Registered office

39 Wharf Street
Tweed Heads, NSW 2485

Dated this

20th

day of

October

2020

OCEAN SHORES COUNTRY CLUB LTD SPONSORS

Austbrokers Insurance Brokers
Bayside Radiators
Billinudgel Hotel
Billi Auto
Bridglands Betta Home Living
Brims Builders Hardware
Byron Shire Echo Daily
Billinudgel Pools & Tyres
Canty Surveyors
Chincogan Real Estate – Rentals Division
Chincogan
Real Estate
Chris Graham Golf Coaching
CR Steel Fabrications
Connors Plumbing Services
Elders Real Estate Brunswick Heads
East Coast Asphalt
Golf Course Superintendent - Shane Heaney
Globe Growing
Grant & Brady Certified Practising Accountants
Hotel Brunswick
Institches Workshop
Integrated Site Design
John Robinson Accountants
Lady Golfwear
Living Turf
North Coast Lifestyle Properties
Nuturf
Ocean Petals & Bizzy Balloons
Ocean Shores Bakery
Ocean Shores Motel
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Trudgeon Services
Turf Irrigation Services
Wards Landscape Supplies
WD Nicholls Chartered Accountants

OCEAN SHORES COUNTRY CLUB LTD SUPPORTS

Animal Welfare League
Ocean Shores Community Association
Ocean Shores Public School
Ocean Shores Art Expo
Brunswick Heads Old & Gold Festival
Brunswick Heads RSL Sub Branch
Brunswick Valley View Club
Brunswick Heads Senior Surf Life Saving Club
Brunswick Heads Public School
Lions Club of Brunswick Mullumbimby
North Byron Shire Business Chamber
Probus
Quota Club
Rotary Club
View Club
St Vincent De Paul
Waterlily Community Playscape



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