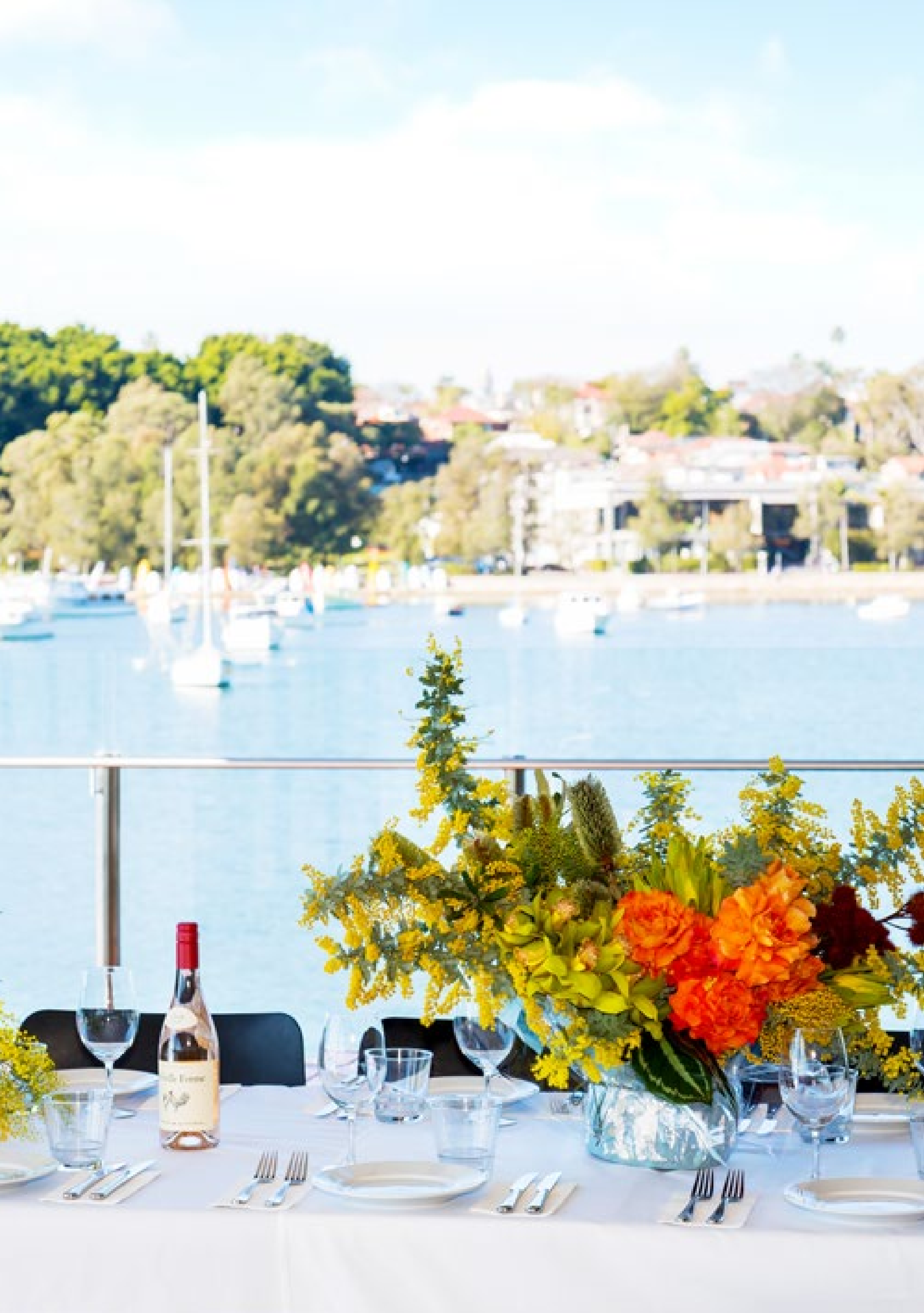
HABERFIELD ROWERS CLUB & RESTAURANT

ANNUAL REPORT 2019



GENERAL MANAGER'S REPORT

UTS Haberfield Club Limited
2019 Financial Year

The club made a loss in 2019 of $233,202 which was the result of lower sales and increased food costs, particularly during the peak months of November and December which saw a 15% drop in sales compared to same period in 2018. This was mainly due to the impact of the bushfires in Sydney during this time.

During the year, several changes were made to the club. The name was changed to Haberfield Rowers Club and Restaurant and additional signage was installed on the windows to increase visibility to passing traffic and users of the Bay Run.

At the AGM in May, the members present agreed to the sale of the poker machines. The revenue from poker machines has fallen year on year for the last few years and has resulted in a loss for the last two years. The gaming room will be repurposed into a multi-function space which will allow more flexibility for the club to host private events.

In November, the club changed from a bistro style venue to a full-service restaurant with casual dining areas remaining outside and in the lounge area. This was following feedback from member and non-member surveys requesting this type of service.

The club continued to hold weekly trivia on Mondays, Kids Eat Free on Wednesdays and Sunday Chill Sessions. An Easter colouring competition was held for children with a family hamper for the winning child.

Other promotions during the year included two holidays valued at $10,000 each, sponsored by Lion Nathan.

Finally, I would like to thank the board who volunteer their time and the ongoing support from ActivateUTS.

Kind Regards

Kerry-Ann Plant
General Manager

UTS Haberfield Club Limited Annual Report 2019

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UTS Haberfield Club Limited
ABN 24 000 378 558

Dobroyd Pde, Haberfield NSW 2045
(02) 9797 9523
haberfieldrowers.com.au

DIRECTORS' REPORT

DIRECTORS' REPORT

For year ended 29 December 2019

1. Directors

The directors present their report together with the financial report of UTS Haberfield Club Limited (the Company) for the financial year ended 30 December 2018 and the auditor's report thereon.

Emeritus Professor Peter Booth
Chair
BEc (Sydney), GradDipEd (SydTeachColl), MEc (UNE), PhD (Griff), FCPA, FCA
Appointed 1 March 2017

Associate Professor Prabhu Sivabalan
BBus (Hons) Ph.D
University Staff
Appointed 1 August 2014

Ms Fiona Thomas
BSC, MHRM&IR, GCCM
University Staff
Appointed 3 January 2017

Ms Elizabeth Morgan-Brett
Executive Masters in Business Administration
Appointed 27 February 2012

Ms Jessica Massih
Student Director
Appointed 7 October 2017
Resigned 6 October 2018
Reappointed 7 October 2018

Ms Jessica Massih
Student Director
Appointed 7 October 2017
Resigned 6 October 2018
Reappointed 7 October 2018
Resigned 4 November 2019

Mr Roy Motto
Independent Director
Appointed 1 July 2014
Resigned 4 November 2019

Mr Philip Wilkinson
BE MBT
Haberfield Club Elected Member' Director
Appointed 23 May 2017

Dr Andrew Black
BSc (Hons), PhD
Rowing Club Representative
Appointed 1 July 2014
Resigned 4 November 2019

Mr Thomas Miletich
Student Director
Appointed 9 October 2018
Resigned 4 November 2019

Ms Rebecca Chea
Student Director
Appointed 4 November 2019

Mr Mohit Sewani
Student Director
Appointed 4 November 2019

2. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Board Meetings

Director	Number of meetings attended	Meetings held*
Elizabeth Morgan-Brett**	0	6
Emeritus Professor Peter Booth	6	6
Associate Professor Prabhu Sivabalan	5	7
Roy Motto	1	4
Dr Andrew Black	1	3
Fiona Thomas	6	6
Philip Wilkinson	6	6
Jessica Massih	3	5
Thomas Miletech	4	4
Rebecca Chea	2	2
Mohit Sewani	1	2

*Number of meetings held during the time the director held office during the year
**During the year, in the absence of Elizabeth Morgan-Brett, Kerry-Ann Plant has attended 6 out of 6 meetings in her capacity as acting CEO.

3. Objectives and strategy

The objective of the Company is to provide a community based social club encompassing food and beverage coupled with rowing facilities to cater for all standards of rowers from the new member up to those of high performance and representative level. Inherent in these objectives is the encouragement of University student participation in the sport.

Strategies to meet these objectives include working with the University of Technology Sydney and ActivateUTS, and the broader community to ensure the facility is sustainable in every sense of the word. The licensed club continues to support the functions of the downstairs rowing club, which is home to athletes and coaches, who row under the UTS banner.

4. Principal activities and performance

The principal activity of the Company during the course of the financial year was the conduct and promotion of a licensed social and rowing club for members and non-members. There were no significant changes in the nature of the activities of the Company during the year.

Operating and financial review
The loss after tax for the year amounted to $233,202 (2018: profit of $1,135).

During the year, the Company incurred a negative cash flow from operating activities. The negative cash flow for the year was due to the decrease in revenue for the current financial year, coupled with the increase in repair and maintenance costs and other expenses.

DIRECTORS' REPORT (cont.)

5. Membership

The Company is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to $5 per member in the event of the winding up of the Company during the period of membership or within one year thereafter. The total amount that members of the Company are liable to contribute if the Company is wound up is $25,515 (2018: $42,980).

	2019 No.	2018 No.
In number of members		
Ordinary	5,103	8,596

6. Events subsequent to reporting date

As at report date, the Company has instituted major cost reductions mainly resulting from employee wages and operating expenses as the Club is now shut with no indications of reopening until further notice, with the kiosk being open on a takeaway basis.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

7. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the financial year ended 29 December 2019.

This report is made with a resolution of the directors.

Emeritus Professor Peter Booth
Dated at Sydney this 28 April 2020

Deloitte.

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Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
UTS Haberfield Club Limited
Dobroyd Parade
Haberfield NSW 2045

29 April 2020

Dear Board Members

UTS Haberfield Club Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of UTS Haberfield Club Limited.

As lead audit partner for the audit of the financial statements of UTS Haberfield Club Limited for the year ended 29 December 2019, 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.

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Cheryl Kennedy
Partner
Chartered Accountant

FINANCIAL STATEMENTS

UTS Haberfield Club Limited

STATEMENT OF FINANCIAL POSITION

As at 29 December 2019

		2019	2018
	NOTE	$	$
Assets			
Cash and cash equivalents	4	393,500	625,399
Trade and other receivables		23,269	24,064
Inventories	5	52,012	65,347
Prepayments		5,174	6,509
Total current assets		473,955	721,319
Plant and equipment	6	80,293	96,326
Non-current assets held for sale	6	52,020	–
Total non-current assets		132,313	96,326
Total assets		**606,268**	**817,645**
Liabilities			
Trade and other payables	8	335,141	314,149
Employee benefits	9	47,043	41,650
Revenue received in advance		59,179	77,006
Total current liabilities		441,363	432,805
Trade and other payables	8	528,680	528,680
Employee benefits	9	13,267	–
Total non-current liabilities		541,947	528,680
Total liabilities		**983,310**	**961,485**
Net liabilities		**(377,042)**	**(143,840)**
Member's funds			
General funds		(377,042)	(143,840)
Total member's funds		**(377,042)**	**(143,840)**

The notes on pages 14 to 25 are an integral part of these financial statements.

UTS Haberfield Club Limited

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 29 December 2019

	NOTE	2019 $	2018 $
Revenue	10	3,236,591	3,399,092
Change in inventories of finished goods		(10,311)	17,946
Raw materials and consumables used		(1,037,596)	(1,041,133)
Board expenses		(1,761)	(4,511)
Personnel expenses	11	(1,683,180)	(1,683,228)
Cleaning expenses		(120,774)	(126,977)
Entertainment		(14,415)	(27,000)
Management fee	14	(237,243)	(231,072)
Professional services expenses		(11,329)	(11,002)
Property expenses		(115,766)	(113,535)
Rent and rates expenses		(11,282)	(5,190)
Repairs and maintenance expenses		(67,495)	(46,492)
Postage, stationery and subscription expenses		(14,974)	(16,140)
Telephone and IT expenses		(21,189)	(9,344)
Depreciation expense		(49,538)	(44,377)
Other expenses		(76,592)	(63,210)
Results from operating activities		(236,854)	(6,173)
Interest income		3,652	7,308
Net finance income		3,652	7,308
Profit before income tax		(233,202)	1,135
Income tax expense	12	–	–
Profit for the year		**(233,202)**	**1,135**
Other comprehensive income		–	–
Total comprehensive profit for the year		**(233,202)**	**1,135**

The notes on pages 14 to 25 are an integral part of these financial statements.

UTS Haberfield Club Limited

STATEMENT OF CHANGES IN MEMBERS' FUNDS

For the financial year ended 29 December 2019

	GENERAL FUNDS $	TOTAL $
Balance at 31 December 2017	(144,975)	(144,975)
Total comprehensive income for the year		
Profit for the year	1,135	1,135
Other comprehensive income	–	–
Balance at 30 December 2018	**(143,840)**	**(143,840)**
Balance at 30 December 2018	(143,840)	(143,840)
Total comprehensive income for the year		
Loss for the year	(233,202)	(233,202)
Other comprehensive income	–	–
Balance at 29 December 2019	**(377,042)**	**(377,042)**

The notes on pages 14 to 25 are an integral part of these financial statements.

UTS Haberfield Club Limited

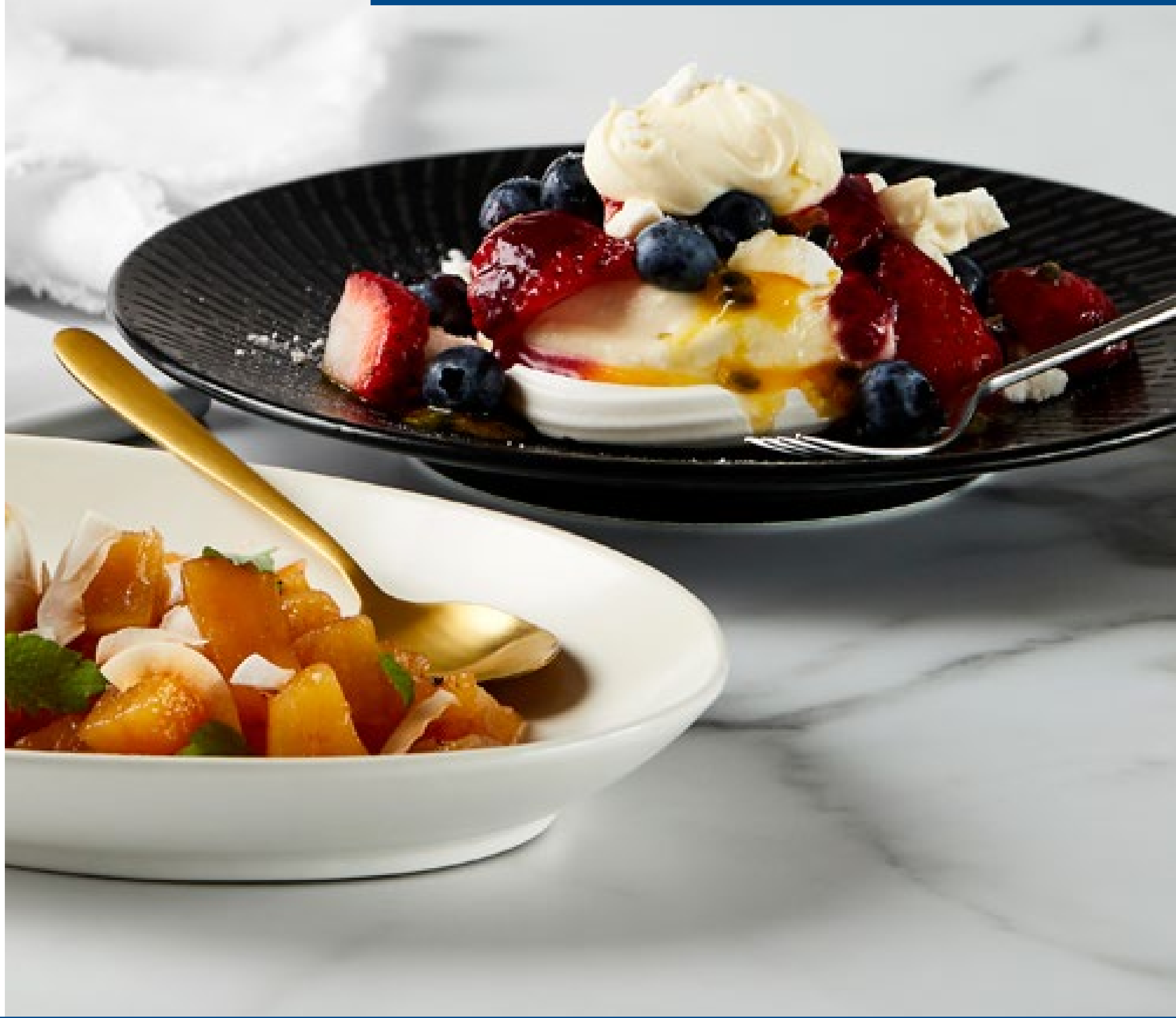
STATEMENT OF CASH FLOWS

For the financial year ended 29 December 2019

	NOTE	2019 $	2018 $
Cash flows from operating activities			
Cash receipts from customers		3,543,219	3,706,108
Cash paid to suppliers and employees		(3,693,245)	(3,849,513)
Cash provided by operations		(150,026)	(143,405)
Interest received		3,652	7,308
Net cash (outflows)/inflows from operating activities		(146,374)	(136,097)
Cash flows from investing activities			
Payments for plant & equipment		(85,525)	–
Net cash flows used in investing activities		(85,525)	–
Cash flows from financing activities		–	–
Net increase in cash and cash equivalents		(231,899)	(136,097)
Cash and cash equivalents at beginning of year		625,399	761,496
Cash and cash equivalents at end of year	4	**393,500**	**625,399**

The notes on pages 14 to 25 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

For year ended 29 December 2019

1. Reporting entity

UTS Haberfield Club Limited (the Company) is a reporting entity and a company limited by guarantee domiciled in Australia. The address of the Company's registered office is Dobroyd Parade, Haberfield NSW 2045. ActivateUTS is the parent company and the ultimate parent entity. The financial statements of the Company are as at and for the year ended 29 December 2019.

The principal activity of the Company during the course of the financial year was the conduct and promotion of a licensed social and rowing club for members and non-members.

2. Basis of preparation

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001, and the Registered Clubs Amendment Act 2006.

The financial statements were approved by the board of directors on 28 April 2020.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

(e) Going concern

As at 29 December 2019 the Company had a deficiency in net assets of $377,042 (2018: $143,840), incurred net cash outflows from operating activities of $146,374 for the year then ended (2018: cash outflows of $136,097), and incurred a loss before tax of $233,202 (2018: profit before tax of $1,135).

As at the date of this report the outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian government has resulted in the Company's Club premises being shut with no indications of reopening until further notice, with only the kiosk being open on a takeaway basis. As a result, the Company is expected to continue making losses. The Company had cash assets of $393,500 (2018: $625,399) which were sufficient to extinguish third party liabilities as at 29 December 2019; and the Company has instituted major cost reductions mainly resulting from employee wages and operating expenses. As at 31 March 2020, the Company had cash assets of $61,522.

The Directors have received confirmation from ActivateUTS that for a period of at least 12 months from signing this report, ActivateUTS will provide additional funding as and when required by the Company, to ensure that it is able to meet its debts as and when they fall due. ActivateUTS also confirmed that it will not seek the repayment of the debt owed by UTS Haberfield amounting to $528,680 for at least a period of 12 months from the date of signing of the financial statements. However, the financial impact of COVID19 may affect the ability of ActivateUTS to provide ongoing support to the Company. In the event that ActivateUTS is unable to provide ongoing financial support to the Company, a material uncertainty would exist that may cast doubt on the ability of the Company to continue as a going concern and therefore it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

3. Significant accounting policies

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

(a) New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Company had also early adopted AASB 16 'Leases' from 1 January 2018.

(b) Financial instruments

Financial assets and financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

Initial measurement of financial assets

Financial assets are measured at initial recognition at their fair value plus, for financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not have a significant financing component are not initially measured at fair value, rather they are initially measured at their transaction price.

Subsequent Initial measurement of financial assets

Subsequent to initial recognition, financial assets are either measured at:

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. Significant accounting policies (cont.)
(b) Financial instruments (cont.)

- Amortised cost
- Fair value through profit or loss

Except for financial assets that are designated at initial recognition as fair value through profit or loss, a financial asset is classified on the basis of both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Classification of financial assets

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Impairment of financial assets
The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities (which include trade and other payables, and other payables) are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Plant and equipment 4–7 years

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(e) Impairment

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. Significant accounting policies (cont.)
(e) Impairment (cont.)

carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(g) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(i) Goods sold and services rendered

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as performance obligation is satisfied over time as the customers simultaneously receive and consume the benefit.

Revenue from services rendered comprises revenue from gaming facilities together with other services to members and patrons of the Company. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as performance obligation is satisfied over time as the customers simultaneously receive and consume the benefit.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of the goods or there is continuing management involvement with the goods.

(ii) Other revenue

Other revenue comprises grants and donations from the parent entity and other various sundry income. Grants and donation income is recognised in profit or loss when the considerations are received.

(h) Interest income

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

(i) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

Right-of-use assets
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities—right-of-use assets
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments of a variable or contingent nature are expensed when incurred.

(j) Tax

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. Significant accounting policies (cont.)
(j) Tax (cont.)

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

	2019	2018
	$	$
4. Cash and cash equivalents		
Bank balances	380,500	592,569
Cash on hand	13,000	32,830
Cash and cash equivalents in the statement of cash flows	393,500	625,399
5. inventories		
Finished goods—at cost	52,012	65,347

		TOTAL
		$
6. Plant and equipment		
Cost		
Balance at 30 December 2018		299,550
Additions		85,525
Balance at 29 December 2019		385,075
Depreciation		
Balance at 30 December 2018		203,224
Depreciation expense for the year		49,538
Balance at 29 December 2019		252,762
Carrying amounts		
As at 30 December 2018		96,326
As at 29 December 2019[i]		132,313

[i] The directors have determined that the Club will no longer engage in gaming activities and therefore have decided that the Club's poker machines will be sold. The written down value of plant and equipment includes the amount of $52,020 in relation to the poker machines which are held for sale.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

	NOTE	2019 $	2018 $

7. Core and non-core properties

Pursuant to section 41J of the Registered Clubs Amendment Act 2006, all the Company's properties are core properties.

8. Trade and other payables

		2019 $	2018 $
Current			
Trade payables		152,298	91,701
Other payables and accrued expenses		182,417	181,291
Intercompany payable ActivateUTS		426	41,157
		335,141	314,149
Non-current			
Loan ActivateUTS		528,680	528,680

9. Employee benefits

		2019 $	2018 $
Current			
Liability for annual leave		47,043	41,650
Non-current			
Liability for ling service leave		13,267	–

10. Revenue

		2019 $	2018 $
Sale of goods		3,134,607	3,271,914
Rendering of services		96,422	120,109
Other revenue		5,562	7,069
		3,236,591	3,399,092

	2019 $	2018 $

11. Personnel expenses

	2019 $	2018 $
Wages and salaries	1,402,159	1,389,464
Other associated personal expenses	148,154	161,412
Contributions to defined contribution	127,474	129,988
Superannuation funds	5,393	2,364
Movement in liability for annual leave	1,683,180	1,683,228

12. Income tax expense

Numerical reconciliation between tax expense and pre-tax accounting profit

	2019 $	2018 $
Current		
Proportion of net taxable income attributable to non-members	1,221,854	1,809,883
Less: Proportion of expenses attributable to non-members	(1,294,443)	(1,798,364)
	(72,589)	11,519
Add: Other taxable income	23,316	36,024
Less: Other deductible expenses	(138,756)	(135,178)
Net Income subject to tax	(188,029)	(87,635)
Income tax expense using the Company's statutory income tax rate of 27.5% (2018: 30%)	(51,708)	(26,291)
Unrecognised tax losses (utilised)/reversed	51,708	26,291
	–	–
Unrecognised deferred tax assets		
Deductible temporary differences	8,810	13,023
Tax losses	253,489	220,125
	262,299	233,148

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits from.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

13. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities at reporting date which would have a material effect on the Company's financial statements at 29 December 2019.

14. Related parties

Transactions with key management personnel

Executive key management personnel for the Company are employed by the parent entity. The parent entity charges the Company a portion of remuneration for its employees who act in the capacity of key executive management personnel for the Company.

The compensation received by executive key management personnel included in the management fee charge is $53,343 in 2019 (2018: $53,343).

Non-executive directors do not receive any remuneration in connection with their services performed at the Company.

Other key management personnel transactions and balances

From time to time, key management personnel of the Company, or their related entities, may purchase goods and services from the Company. These purchases are on the same terms and conditions as those entered into by third parties and are trivial or domestic in nature.

Apart from the details disclosed in this note, no other key management personnel have transacted with the Company since the end of the previous financial year and there were no outstanding balances involving key management personnel's interests existing at year-end.

Other related party transactions

The Company is a related party of ActivateUTS who controls the Company and consolidates its financial performance.

The Company operates from the premises at Dobroyd Parade, Haberfield. ActivateUTS leases the land from Innerwest Council and Roads and Maritime Services and has constructed the premises occupied by the Company. A licence fee, which is variable based on the performance of the Club, is payable to ActivateUTS by the Company for the use of the premises under a Deed of Agreement.

Balances with related parties

Aggregate amounts receivable from or payable to, each class of related party at reporting date:

	2019	2018
	$	$
Intercompany payable ActivateUTS	426	41,157
Loan ActivateUTS	528,680	528,680

Transactions with related parties

Aggregate amounts brought to account from transactions with the parent entity:

	2019	2018
Management fees	237,243	231,072

15.Events after the reporting period

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Company considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Company's financial statements at 29 December 2019.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Company's financial statements cannot be reasonably estimated for future financial periods. However, the Directors consider that the general economic impacts arising from COVID-19 are expected to have a negative impact on the operations of the Company and materially affect the results of the Company for the year 2020. As at report date, the Company has instituted major cost reductions mainly resulting from employee wages and operating expenses as the Club is now shut with no indications of reopening until further notice, with the kiosk being open on a takeaway basis.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

UTS Haberfield Club Limited

DIRECTORS' DECLARATION

For year ended 29 December 2019

In the opinion of the directors of UTS Haberfield Club Limited (the Company):

(a) the financial statements and notes that are set out on pages 14 to 25, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 29 December 2019 and of its performance for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards—Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

Emeritus Professor Peter Booth
Dated at Sydney this 28 April 2020

Deloitte.

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Independent Auditor's Report to the members of UTS Haberfield Club Limited

Opinion

We have audited the financial report of UTS Haberfield Club Limited (the "Company") which comprises the statement of financial position as at 29 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the director's declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 29 December 2019 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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 in relation to going concern

We draw attention to Note 2(e) to the financial statements which indicates that the Company incurred a loss before tax of $233,202 and net cash outflows from operations of $146,374 for the year ended 29 December 2019, and had a deficiency in net assets of $377,042 as at 29 December 2019. As stated in Note 2(e), these events or conditions, along with others matters as set forth in Note 2(e), indicate the existence of a material uncertainty 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.

Other Information

The directors are responsible for the other information. The other information comprises the Director's Report which we obtained prior to the date of this auditor's report, and also includes additional information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon), which is expected to be made available to us after that date.

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

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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.

When we read the additional other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action

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 and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the Members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Company'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 Company'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 Company 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.

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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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Cheryl Kennedy
Partner
Chartered Accountants
Sydney, 29 April 2020

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