Woonona Bulli RSL Memorial Club Limited

ACN 001 059 374

Annual Financial Report
31 December 2021

Woonona Bulli RSL Memorial Club Limited

Directors' Report

The directors present their report together with the financial statements of Woonona Bulli RSL Memorial Club Limited (the company) for the year ended 31 December 2021.

Directors

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

Name	Occupation	Years of Service
Catherine Filan	Retired School Teacher	19
Thora D. Geloven	Company Director	21
Rolf Dern	Retired Builder	16
Peter Harris	Engineer	13
Garry May	Retired School Teacher	10
Robert Trevenar	Retired School Teacher	9
Geoff Smith	Electrical Co-ordinator	6

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2021, and the number of meetings attended by each director were:

Director	Number of Meetings Attended	Number of Meetings Held *
Catherine Filan	13	13
Thora D. Geloven	13	13
Rolf Dern	11	13
Peter Harris	12	13
Garry May	11	13
Robert Trevenar	12	13
Geoff Smith	12	13

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2021 is as follows:

	2020	2020
Ordinary	12,034	12,518
Life	10	10
	12,044	12,528

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to $10 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. The total liability in the event of winding up is $120,440 (2020: $125,280).

Woonona Bulli RSL Memorial Club Limited

Directors' Report

Operating result

The Club's result was significantly impacted by the forced closures associated with COVID-19 during the year. As a result, the Club recorded a loss before tax of $38,850 for the year compared with profit of $639,677 for the prior year.

Objectives

Short term

The Club's objective as per the Club's Constitution is to provide a social Club with the usual facilities of a Club.

The Club is striving to be a destination of choice for the members and to provide a modern up to date Club that is integral to and in partnership with the Community, have a strong service ethos and seeking to continuously improve the club's services, facilities and amenities for all to enjoy, ensuring there is a safe and friendly environment that is also family focused. In addition, the Club is also working towards being an employer of choice, by having key strategies in developing our team.

Long term

To become the destination of choice and employer of choice within the northern Illawarra region, to improve our Club's services, facilities and amenities for all to enjoy, building upon strategies over the short and medium term to strengthen the Club's financial position by retiring debt, whilst maintaining a controlled development of the core business. It is further to ensure the company's pursuit of its vision can be achieved via existing and future business by maintaining sustained growth and sound financial management such as good cash flow, debt reduction, earnings growth and an acceptable return on investment in an ever changing environment.

Strategy for achieving the objectives

The Club conducts a Strategic Review of its operation annually and undertakes a number of strategic pillars to achieve these objectives such as providing:

- Strategic plans that are reviewed regularly and updated or amended each year in alignment with key performance objectives.
- Detailed budgets, cash flows and other forecasts that are prepared and used as mainstream management and board decision making tools.
- Strong customer focus through the continued development of our team.
- Constant review of our business operations to ensure operational efficiencies.
- Estate master-planning to identify future opportunities.
- Continued support to the local community where possible, notably those organisations that rely upon funding.
- Modern facilities that are constantly improving to meet and exceed our members' expectations and the ever-changing market.

Woonona Bulli RSL Memorial Club Limited

Directors' Report

Principal activity

The principal activity of the Company during the course of the financial year remained unchanged and was to provide members and their guests with the amenities and facilities usually associated with social clubs.

How this activity assists in achieving the objectives

The principal activity of the Club outlined above is consistent with the Club achieving the objectives with each stated strategy designed to enhance and improve the Club's facility and ensure delivery of quality facilities of an ex-service and community club.

Performance measurement and key performance indicators

The Club has detailed budgets and cash flows developed for the ensuing year as well as three to five year projections. The performance for the year is scrutinized on an ongoing, monthly basis, using the budget to industry benchmarks from the Club industry. Some of the criteria are as follows:

- Gross Profit Margins
- Detailed wages to sales analysis
- Detailed profit and loss accounts
- Balance sheet analysis
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Earnings before interest, tax, depreciation and amortisation, rent and donations (EBITDARD)
- Detailed financial analysis between the different business units of the club under the corporate banner
- Cash flow analysis and forecasting

	2021	2020
Woonona Bulli RSL		
Gaming		
Net profit percentage	52.11%	58.86%
Wages to sales percentage	17.33%	13.79%
Bar		
Net profit percentage	14.35%	22.02%
Wages to sales percentage	37.67%	33.50%
Wages and salaries – percentage of total revenue	38.21%	37.45%
EBITDA percentage	13.19%	17.99%

Performance measurement and key performance indicators (continued)

Non-Financial Performance is assessed by a variety of measures including:

- Membership numbers and visitation rates
- Patron feedback,
- Social media insights, including trend analysis
- Market surveys and demographic analysis
- Staff involvement and feedback
- Staff retention rates
- Comparison to industry trends and initiatives

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Woonona this 21st day of February 2022.

C. T. Filan

C Filan
Director

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Australia

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF WOONONA BULLI RSL MEMORIAL CLUB LIMITED

As lead auditor of Woonona Bulli RSL Memorial Club Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 21 February 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Woonona Bulli RSL Memorial Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Woonona Bulli RSL Memorial Club Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds 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 directors' declaration.

In our opinion the accompanying financial report of Woonona Bulli RSL Memorial Club Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, 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.

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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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability 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.

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

BDO Audit Pty Ltd

BDO

Clayton Eveleigh
Director

Sydney, 21 February 2022

Woonona Bulli RSL Memorial Club Limited

Directors' Declaration

The directors of Woonona Bulli RSL Memorial Club Limited declare that:

(a) In the Directors' opinion the financial statements and notes set out on pages 9 to 30, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance, for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.

(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 the directors made pursuant to section 295 (5)(a) of the *Corporations Act 2001*.

Dated at Woonona this 21st day of February 2022.

C. T. Filan

C Filan
Director

Woonona Bulli RSL Memorial Club Limited

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 $	2020 $
Revenue			
Sale of goods		2,623,662	2,511,646
Rendering of services		4,040,351	4,891,503
Other revenue		20,808	21,228
Total revenue	1	6,684,821	7,424,387
Other income	1	282,568	1,120,233
Expenses			
Raw materials and consumables used		(1,010,537)	(962,555)
Employee benefits expense		(2,638,948)	(3,176,306)
Entertainment, marketing and promotional costs		(444,990)	(476,881)
Poker machine licences and taxes		(601,321)	(774,294)
Donations		(54,445)	(79,453)
Occupancy expenses		(904,885)	(955,462)
Professional fees		(29,494)	(148,082)
Other expenses		(382,480)	(432,753)
		(6,067,100)	(7,005,786)
Earning before interest, tax, depreciation and amortisation expenses (EBITDA)		900,289	1,538,834
Depreciation and amortisation expenses	2	(783,887)	(739,530)
Finance costs	2	(155,252)	(159,628)
Net (loss)/profit before income tax		(38,850)	639,676
Income tax expense	3	(1,338,278)	-
Net (loss)/profit after income tax		(1,377,128)	639,676
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year, net of tax		(1,377,128)	639,676

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 13 to 30.

Woonona Bulli RSL Memorial Club Limited

Statement of Financial Position
As at 31 December 2021

	Note	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,088,988	2,020,648
Trade and other receivables		18,079	6,469
Inventories		118,809	88,439
Prepayments		40,483	18,356
Deposits paid		8,102	14,543
Asset Held for Sale	6	605,189	-
Total Current Assets		2,879,650	2,148,455
Non-Current Assets			
Property, plant and equipment	5	12,287,473	13,032,631
Right of Use Assets	7	335,671	428,648
Total Non-Current Assets		12,623,144	13,461,279
Total Assets		15,502,794	15,609,734
LIABILITIES			
Current Liabilities			
Trade and other payables	10	1,067,099	931,441
Financial liabilities	8	91,245	72,756
Employee benefits	11	448,224	354,926
Income received in advance		65,242	67,834
Lease liabilities	9	162,364	288,003
Current tax liabilities		1,319,398	-
Total Current Liabilities		3,153,572	1,714,960
Non-Current Liabilities			
Financial liabilities	8	4,642,126	4,741,000
Employee benefits	11	19,026	71,158
Income received in advance		54,081	39,924
Lease liabilities	9	88,125	138,580
Deferred tax liabilities		18,880	-
Total Non-Current Liabilities		4,822,238	4,990,662
Total Liabilities		7,975,810	6,705,622
Net Assets		7,526,984	8,904,112
Members' Funds			
Retained profits		7,526,984	8,904,112
Total Members' Funds		7,526,984	8,904,112

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 13 to 30.

Woonona Bulli RSL Memorial Club Limited

Statement of Changes in Members' Funds
For the Year Ended 31 December 2021

	Retained Profits $	Total Equity $
Balance at 31 December 2019	8,264,436	8,264,436
Net profit for the year	639,676	639,676
Other comprehensive income for the year	-	-
Total comprehensive income for the year	639,676	639,676
Balance at 31 December 2020	8,904,112	8,904,112
Net loss for the year	(1,377,128)	(1,377,128)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,377,128)	(1,377,128)
Balance at 31 December 2021	7,526,984	7,526,984

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 13 to 30.

Woonona Bulli RSL Memorial Club Limited

Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 $	2020 $
Cash Flows From Operating Activities		
Receipts from customers (inclusive of GST)	7,333,863	8,170,928
Payments to suppliers and employees (inclusive of GST)	(6,608,623)	(7,553,254)
Government grants	268,338	1,093,000
Interest received	1,552	2,532
Rent received	19,257	18,697
Finance costs paid	(155,252)	(159,628)
Net cash inflow from operating activities	859,135	1,572,275
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(603,591)	(542,509)
Proceeds from disposals of PPE	58,405	15,000
Net cash outflow from investing activities	(545,186)	(527,509)
Cash Flows From Financing Activities		
Payment of borrowings	(165,224)	-
Proceeds from borrowings	-	248,756
Payment of finance leases	(80,385)	(161,491)
Net cash (outflow)/inflow from financing activities	(245,609)	87,265
Net increase in cash and cash equivalents	68,340	1,132,031
Cash and cash equivalents at the beginning of the financial year	2,020,648	888,617
Cash and cash equivalents at the end of the financial year	2,088,988	2,020,648

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 30.

Woonona Bulli RSL Memorial Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Woonona Bulli RSL Memorial Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 21 February 2022.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements of the Australia Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year;
- Have been prepared on a going concern basis.

Standards and Interpretations issued but not yet effective

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

This standard is applicable to annual reporting periods beginning on or after 1 November 2021. AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of Australian Accounting Standards for SMEs. Given that the company already prepares financial statements under the reduced disclosure requirements there is not likely to be an impact on the company's financial statements on adoption of this standard."

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 5
Lease term	Note 7
Long service leave liability	Note 11

1 Revenue and Other Income

	2021 $	2020 $
Sale of Goods Revenue		
Bar sales	1,374,400	1,345,424
Brasserie sales	1,249,261	1,166,208
Other sales	-	25
	2,623,662	2,511,656
Rendering of Services Revenue		
Poker machines – net clearances	3,424,537	4,193,542
Entertainment and promotions	145,284	129,743
Keno and TAB commission	128,297	146,299
Commission received	48,221	65,000
Membership subscriptions received	273,576	320,381
Sundry income	20,435	36,537
	4,040,351	4,891,503
Other Revenues		
Interest received	1,552	2,533
Rent received	19,256	18,695
Total other revenue	20,808	21,228
Total Revenue	6,684,821	7,424,387
Other Income		
Net gain on disposal of plant and equipment	5,755	15,000
Service fee income	8,475	12,233
ATO Cashflow Boost	-	100,000
Government grants	268,338	993,000
Total Other Income	282,568	1,120,223
Total Revenue and Other Income	6,967,389	8,544,620

1 Revenue and Other Income (continued)

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at a point in time when the performance obligation is satisfied that is on delivery of goods to the customer.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

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

Rental Revenue
Rental revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Other Income (Net gain on disposal of plant and equipment)

The gain on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

Government grants

During the year, the company received $268,338 in Jobsaver support payments. In the prior year the company received $993,000 from JobKeeper support payments from the Australian Government, which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense.

2 Expenses

Profit before income tax includes the following specific expenses for continuing operations:

	2021 $	2020 $
Finance costs		
Bank loans	138,373	161,594
Finance lease charges	16,879	(1,966)
	155,252	159,628
Depreciation - property, plant and equipment		
Buildings and improvements	168,242	162,165
Poker machines	237,277	245,848
Plant and equipment	217,273	211,555
Leased assets	1,599	2,495
Total depreciation	624,391	622,063
Amortisation - right-of-use assets		
Poker machines	131,211	76,264
Plant and equipment	28,285	41,203
Total amortisation	159,496	117,467
Total depreciation and amortisation	783,887	739,530
Defined contribution superannuation expense	218,217	234,366

Recognition and Measurement

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

3 Income Tax

Income Tax Expense

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

	2021 $	2020 $
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of net (loss)/income attributable to non-members	(6,478)	167,193
Add: Other taxable income	285,795	1,269,662
Add: Capital gain relating to the sale of property (note 6)	5,618,109	-
	5,897,426	1,436,855
Less: Other deductible expenses	(331,967)	(1,332,616)
Taxable income	5,565,459	104,239
Tax losses utilised	(287,868)	(104,239)
Net income subject to tax	5,277,591	-
Current tax applicable to above at 25%	1,319,398	-
Deferred tax expense	18,880	
Income tax expense	1,338,278	
Deferred Tax Liability		
Tax losses carried forward	-	-
Timing differences	(18,880)	-
Deferred tax at 25%	(18,880)	-
Deferred Tax Assets Not Recognised		
Tax losses carried forward	-	50,288
Timing differences	-	27,021

Deferred tax assets attributable to tax losses carried forward and timing differences in the prior year had not been recognised as an asset because recovery was not probable. These losses have been utilised during the year due to the expected capital gain from the sale of the property classified as held for sale (refer to note 6).

3 Income Tax (continued)

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations. Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

4 Cash and cash equivalents

	2021 $	2020 $
Cash on hand	242,100	242,100
Cash at bank	1,846,888	1,778,548
	2,088,988	2,020,648

Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. During the year the Club has exchanged contracts for the sale of parcels of land it owns.

A deposit of $700,000 has been received relating to the asset held for sale disclosed in note 6, which is held as restricted cash by a third party. This is not recognised in cash and cash equivalents until settlement of the sale occurs and the funds are released.

5 Property, Plant and Equipment

	2021 $	2020 $
Freehold land, buildings and improvements		
At cost	11,644,858	12,102,219
Accumulated depreciation	(508,117)	(339,875)
	11,136,741	11,762,344
Poker machines		
At cost	2,267,009	2,237,320
Accumulated depreciation	(1,739,238)	(1,552,003)
	527,771	685,317
Plant and equipment		
At cost	3,217,272	2,954,716
Accumulated depreciation	(2,597,611)	(2,416,936)
	619,661	537,763
Leased assets		
At cost	1,720,063	1,804,982
Accumulated amortisation	(1,720,063)	(1,803,393)
	-	1,599
Work in progress		
At cost	3,300	45,608
Total property, plant and equipment net book value	12,287,473	13,032,631

Refer to Note 7 for details of security over property, plant and equipment.

	2021 $	2020 $

5 Property, Plant and Equipment (continued)

Reconciliations

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

Freehold Land, Buildings and Improvements		
Carrying amount at beginning of year	11,762,344	11,657,522
Additions	-	266,987
Depreciation expense	(168,242)	(162,165)
Re-allocation to assets held for sale	(457,361)	-
Carrying amount at end of year	11,136,741	11,762,344
Poker Machines		
Carrying amount at beginning of year	685,317	796,655
Additions	79,731	134,510
Depreciation expense	(237,277)	(245,848)
Carrying amount at end of year	527,771	685,317
Plant and Equipment		
Carrying amount at beginning of year	537,763	589,440
Transfer from other asset classes	-	20,000
Additions	351,821	141,012
Disposals	(52,650)	(1,134)
Depreciation expense	(217,273)	(211,555)
Carrying amount at end of year	619,661	537,763
Leased Assets		
Carrying amount at beginning of year	1,599	24,094
Amortisation expense	(1,599)	(2,495)
Transfer to other asset classes	-	(20,000)
Carrying amount at end of year	-	1,599
Work in progress		
Carrying amount at beginning of year	45,608	45,608
Reallocation to assets held for sale	(42,308)	-
Carrying amount at end of year	3,300	45,608

5 Property, Plant and Equipment (continued)

Refer to Note 7 for details of security over property, plant and equipment.

Core Properties held by the Club

Woonona
Club Land
455-459 Princes Highway
Woonona NSW 2517

Non-Core Properties held by the Club

Woonona
Surplus land which is to be subdivided*
455-459 Princes Highway
Woonona NSW 2517

Woonona
15 Nicholson Road (Lot 2 DP572839)*
Woonona NSW 2517

* Asset held for sale

Recognition and Measurement

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Capital works in progress is transferred to property, plant and equipment and depreciated when completed and ready for use.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line / diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings & Improvements	40 years
Plant & Equipment	3-10 years
Poker Machines	3-6 years
Leased Assets	4-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

Valuation

An independent valuation of the company's freehold land and buildings at Woonona Bulli RSL was carried out as at 31 October 2018 on the basis of open market value for alternate use and resulted in a combined valuation of $11,350,000. The directors do not believe that there has been a material movement in fair value since the valuation date.

5 Property, Plant and Equipment (continued)

Recognition and Measurement (continued)

Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Key estimate and judgement: Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

6 Assets Held for Sale

	2021 $	2020 $
Assets held for sale	605,189	-
Movements in Carrying Amounts		
Carrying amount at beginning of year	-	-
Reallocation from property, plant and equipment	499,669	-
Additions	105,520	-
Carrying amount at end of year	605,189	-

During the year the company has exchanged contracts for the sale of two parcels of land for $7,000,000 which includes a portion of the Clubs land and 15 Nicholson Road, Woonona. The condition for settlement is approval by local council for the subdivision of the Club's property at 455-459 Princess Highway, Woonona. A deposit of $700,000 has been received the sale of the property which is being held as restricted cash by a third party (refer to note 4).

The sale of the property has given rise to a capital gain tax on the date of the exchange of the contracts and has been recognised as a current tax liability at 31 December 2021 (refer to note 3). This liability not expected to be settled with the Australian Tax Office until the finalisation of the company's tax returns at which point the settlement of the property is expected to have occurred. If the settlement of the property does not occur then no tax liability on the capital gain is required to be paid. The gain on sale will be recognised in the statement of profit or loss and other comprehensive income on settlement of the of the property.

Recognition and measurement

Classification as "held for sale" occurs when management has committed to a plan for immediate sale, a sale is considered highly probable and the sale is expected to occur within one year from the date of classification. Such assets are classified as current assets. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

7 Right-of-use assets

	2021 $	2020 $
Plant & Equipment – right-of-use		
At cost	318,770	318,770
Less accumulated amortisation	(200,357)	(172,072)
	118,413	146,698
Poker Machines – right-of-use		
At cost	589,283	521,722
Less accumulated amortisation	(372,025)	(239,772)
	217,258	281,950
Total right-of-use assets at year end	335,671	428,648
Movements in carrying amounts of right-of-use assets:		
Plant & Equipment - right-of-use		
Carrying amount at the beginning of the year	146,698	187,901
Depreciation expense	(28,285)	(41,203)
Carrying amount at the end of the year	118,413	146,698
Poker Machine - right-of-use		
Carrying amount at the beginning of the year	281,950	195,718
Additions	66,519	162,496
Depreciation expense	(131,211)	(76,264)
Carrying amount at the end of the year	217,258	281,950
Total carrying amount at the end of the year	335,671	428,648

7 Right-of-use Assets (continued)

Recognition and measurement (continued)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the amortisation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Key Estimate and Judgement: Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the club's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The club reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

8 Financial Liabilities

	2021 $	2020 $
Current		
Credit Card Liability	1,775	1,639
Bank loans - secured	91,245	72,756
	93,020	74,395
Non-Current		
Bank loans - secured	4,642,126	4,741,000

8 Financial Liabilities (continued)

Financing Arrangements

	2021 $	2020 $
The company has access to the following lines of credit:		
Total facilities available:		
Credit Card facilities	10,000	10,000
Bank overdraft facilities	200,000	200,000
Bank loan facilities	4,733,371	4,813,756
Master lease facilities	600,000	600,000
Other leases	117,476	194,967
	5,660,847	5,818,723
Facilities utilised at reporting date:		
Credit Card facilities	1,775	1,639
Bank overdraft facilities	-	-
Bank loan facilities	4,733,371	4,813,756
Master lease facilities (refer to note 9)	133,013	231,616
Other leases (refer to note 9)	117,476	194,967
	4,985,635	5,241,978

Bank Loan Facility

The bank loan facility consists of two loans: $168,371 and $4,565,000. The first loan is repayable by regular monthly instalments commencing on 1 March 2020, which include both interest and principal repayments. The second loan is interest only, with the interest charges being paid on the quarterly basis. The principal amount is payable upon maturity of the loan on 20 August 2023 for the first loan and 31 March 2025 for the second loan. The facility bears a variable interest rate of Bank-bill Reference Rate (BBSY).

Security

The loan facility is secured by registered first mortgages over Woonona Bulli RSL, 455-459 Princes Highway, Woonona.

	2021 $	2020 $
Freehold land and assets held for sale	5,350,000	5,350,000
Buildings	6,273,892	6,412,344
Total pledged	11,623,892	11,762,344

8 Financial Liabilities (continued)

Recognition and Measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

9 Lease Liabilities

	2021 $	2020 $
Current		
Lease Liabilities	162,364	288,003
Non-Current		
Lease liabilities	88,125	138,580

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

10 Trade and Other Payables

	2021 $	2020 $
Trade creditors	393,576	395,936
Goods and Services Tax (GST) payable	138,162	116,734
Other creditors and accruals	535,361	418,771
	1,067,099	931,441

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

11 Employee Benefits

	2021 $	2020 $
Current	448,224	354,926
Non-current	19,026	71,158
Total	467,250	426,084

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 10% (2020: 9.50%) of each employee's base salary to a superannuation fund.

Recognition and Measurement

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on corporate bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

11 Employee Benefits (continued)

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Key estimate and judgement: Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

12 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Catherine Filan
Thora D. Geloven
Rolf Dern
Peter Harris
Garry May
Robert Trevenar
Geoff Smith

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Michael Brennan	General Manager
Steven Newell	Operations Manager

(c) Key Management Personnel Compensation

	2021 $	2020 $
Benefits and payments made to the Directors and Other Key Management Personnel	299,185	333,012

The amounts above comprise actual payments of $274,703 (2020: $302,779) and an increase in leave provision of $24,482 (2020: increase of $30,233).

13 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 12.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

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

14 Commitments

At 31 December 2021, the company does not have any commitments, contingent liabilities or not entered into any contractual commitments for the acquisition of property, plant and equipment or any other commitments (2020: Nil).

15 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to $10 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At 31 December 2021 there were 12,044 members (2020: 12,528 members).

The registered office of the Club is 455 Princes Highway, Woonona NSW 2517.

16 Events Subsequent to Reporting Date

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

16 Summary of Other Significant Accounting Policies (continued)

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office

(b) Trade and Other Receivables

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(e) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(f) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.