SUSSEX INLET RSL CLUB

ABN 16 001 023 132

Annual Report - 30 June 2021

Sussex Inlet RSL Club Ltd
Contents
30 June 2021

General information

The financial statements cover Sussex Inlet RSL Club Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Sussex Inlet RSL Club Ltd's functional and presentation currency.

Sussex Inlet RSL Club Ltd is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 October 2021. The directors have the power to amend and reissue the financial statements.

Sussex Inlet RSL Club Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Woodbridge
Richard Blagrove (elected Nov 2020)
Michael McCall
Ron McLean
Ron Clarke-Bruce
Stephen Robb
David Durant
Patty Jones (resigned Sep 2021)
Neil Barrett (resigned Jan 2021)

Objectives
Short term objectives

- increasing the level of membership and visitation of the Club
- maintaining its overall viability in terms of liquidity, credit control, legislative and regulatory compliance
- Debt management and financial controls

Long term objectives

- Asset replacement and capital investment
- Increased member services through diversification of facilities and services

Strategy for achieving the objectives
The Club has developed a marketing plan, risk register and key performance measures and goals for some key management personnel to deliver the objectives of the Club.

Principal activities
During the financial year the principal continuing activities of the company consisted of:
- Trading as a Licensed Club

Operating Result
The table below shows a reconciliation of Sussex Inlet RSL Club Ltd earnings before interest, income tax, depreciation, amortisation, gains and impairment losses. This is referred to as EBITDA.

	2021 $	2020 $	Change $	Change %
Net profit attributable to members	1,904,168	486,024	1,418,144	292%
Add back:				
Interest expenses	15,859	45,622	(29,763)	(65%)
Depreciation expense	483,560	440,649	42,911	10%
Net (gains)/losses on disposal of property, plant and equipment & fair value adjustments	(840,007)	(24,993)	(815,014)	3261%
Tax expenses/(benefit)	78,664	9,683	68,981	712%
EBITDA	1,642,244	956,985	685,259	

Information on directors

Name:	David Woodbridge
Title:	Director
Experience and expertise:	Board member since 2007
Special responsibilities:	President

Name:	Richard Blagrove
Title:	Director
Experience and expertise:	Board member since 2020
Special responsibilities:	Senior Vice President

Name:	Michael McCall
Title:	Director
Experience and expertise:	Board member since 2017
Special responsibilities:	Junior Vice President

Name:	Ron Clarke-Bruce
Title:	Director
Experience and expertise:	Board member since 2019

Name:	Stephen Robb
Title:	Director
Experience and expertise:	Board member since 2017

Name:	David Durant
Title:	Director
Experience and expertise:	Board member since 2019

Name:	Ron McLean
Title:	Director
Experience and expertise:	Board member since 2019

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Special Board Meeting		Finance/Risk & Executive Meetings	
	Attended	Held	Attended	Held	Attended	Held
David Woodbridge	11	12	5	5	17	18
Richard Blagrove (elected Nov 2020)	7	8	1	2	9	14
Michael McCall	12	12	5	5	18	18
Ron McLean	9	12	4	5	-	-
Ron Clarke-Bruce	12	12	5	5	-	-
Stephen Robb	12	12	4	5	-	-
David Durant	11	12	5	5	-	-
Patty Jones (resigned Sep 2021)	12	12	4	5	17	18
Neil Barrett (resigned Jan 2021)	4	6	1	3	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Contributions on winding up
In the event of the company being wound up, ordinary members are required to contribute a maximum of $2 each. Honorary members are not required to contribute.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

D Woodbridge

David Woodbridge
President

R.W. Blagrove

Richard Blagrove
Senior Vice President

19 October 2021

DECLARATION OF INDEPENDENCE BY MICHAEL LEES TO THE DIRECTORS OF SUSSEX INLET RSL CLUB LTD

As lead auditor for the audit of Sussex Inlet RSL Club Ltd for the financial year ended 30 June 2021, I declare 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.

Morton & Cord

Michael Lees
Partner

Nowra
19 October 2021

Sussex Inlet RSL Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	3	6,091,268	4,683,633
Other income	4	1,197,311	433,918
Interest revenue		359	270
Expenses			
Cost of sales		(757,032)	(601,611)
Employee benefits expense		(1,852,057)	(1,767,603)
Depreciation and amortisation expense		(483,560)	(440,649)
Marketing and administration		(656,056)	(627,394)
Poker machine expenses		(773,071)	(522,750)
Light and power		(132,130)	(115,603)
Occupancy		(444,176)	(345,277)
Other expenses		(179,019)	(152,597)
Finance costs		(29,005)	(48,630)
Surplus before income tax expense		1,982,832	495,707
Income tax expense	5	(78,664)	(9,683)
Surplus after income tax expense for the year attributable to the members of Sussex Inlet RSL Club Ltd	17	1,904,168	486,024
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Sussex Inlet RSL Club Ltd		1,904,168	486,024

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Sussex Inlet RSL Club Ltd
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	1,727,651	970,815
Trade and other receivables	7	31,720	97,358
Inventories	8	46,718	34,465
Other	9	133,417	105,477
Total current assets		1,939,506	1,208,115
Non-current assets			
Investment properties	10	1,770,000	1,025,000
Property, plant and equipment	11	8,450,072	8,158,777
Deferred tax	5	-	63,494
Total non-current assets		10,220,072	9,247,271
Total assets		12,159,578	10,455,386
Liabilities			
Current liabilities			
Trade and other payables	12	356,703	375,122
Borrowings	13	79,373	433,426
Provisions	14	228,291	214,785
Other	15	69,895	34,310
Total current liabilities		734,262	1,057,643
Non-current liabilities			
Borrowings	13	300,000	234,889
Deferred tax	5	15,170	-
Provisions	14	34,613	27,023
Other	15	35,534	-
Total non-current liabilities		385,317	261,912
Total liabilities		1,119,579	1,319,555
Net assets		11,039,999	9,135,831
Equity			
Reserves	16	2,996,071	2,996,071
Retained surpluses	17	8,043,928	6,139,760
Total equity		11,039,999	9,135,831

The above statement of financial position should be read in conjunction with the accompanying notes

Sussex Inlet RSL Club Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2019	-	2,996,071	5,653,736	8,649,807
Surplus after income tax expense for the year	-	-	486,024	486,024
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	486,024	486,024
Balance at 30 June 2020	-	2,996,071	6,139,760	9,135,831

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2020	-	2,996,071	6,139,760	9,135,831
Surplus after income tax expense for the year	-	-	1,904,168	1,904,168
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,904,168	1,904,168
Balance at 30 June 2021	-	2,996,071	8,043,928	11,039,999

The above statement of changes in equity should be read in conjunction with the accompanying notes

Sussex Inlet RSL Club Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,490,659	4,461,048
Payments to suppliers and employees (inclusive of GST)		(4,816,092)	(4,559,617)
		674,567	(98,569)
Interest received		359	270
Other revenue		1,079,630	1,186,031
Interest and other finance costs paid		(29,005)	(45,622)
Net cash from operating activities	23	1,725,551	1,042,110
Cash flows from investing activities			
Payments for property, plant and equipment	11	(806,480)	(274,628)
Proceeds from disposal of property, plant and equipment		126,707	55,784
Net cash used in investing activities		(679,773)	(218,844)
Cash flows from financing activities			
Repayment of bank loans		(465,760)	(196,874)
Repayment of master asset finance facility		(123,182)	(143,464)
Increase in master asset finance facility		-	192,585
Increase in other loans		300,000	-
Net cash used in financing activities		(288,942)	(147,753)
Net increase in cash and cash equivalents		756,836	675,513
Cash and cash equivalents at the beginning of the financial year		970,815	295,302
Cash and cash equivalents at the end of the financial year	6	1,727,651	970,815

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or 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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Note 1. Significant accounting policies (continued)

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Membership
Income received in advance from membership represents the company's obligation to transfer membership services to members and is recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the member

Customer loyalty program
The company operates a loyalty reward program where customers accumulated points for dollars spent. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the reward points and the other components of the sale, such that the reward points are recognised at their fair value. Revenue from the reward 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.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Income tax
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 and the adjustment recognised for prior periods, where applicable.

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

Note 1. Significant accounting policies (continued)

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, e.g. poker machines, bar and food 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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 1. Significant accounting policies (continued)

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic valuations at least every 5 years by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Poker machines	7-12 years
Plant and equipment	3-20 years
Motor vehicles	8-12 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 1. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial 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 of disposal 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

Goodwill and other indefinite life intangible assets
The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of 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.

Poker machine licences

The Company holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the Club has determined that fair value at grant date for licences granted pre April 2002 to be zero. Should licences be granted to the Club post April 2002 they will be initially recognised at fair value. The Club has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

Note 3. Revenue

	2021 $	2020 $
Revenue from contracts with customers		
Poker machine net revenue	3,527,510	2,508,824
Bar sales	1,841,432	1,397,703
	5,368,942	3,906,527
Other revenue		
Commission	195,388	158,019
Accommodation receipts	224,622	122,286
Entertainment & promotion revenue	150,423	134,010
Insurance recoveries	-	174,646
Other revenue	151,893	188,145
	722,326	777,106
Revenue	6,091,268	4,683,633

Note 4. Other income

	2021 $	2020 $
Net fair value gain on investment properties	745,000	-
Net gain on disposal of property, plant and equipment	95,007	24,993
Subsidies and grants	279,000	331,055
Member subscriptions	43,012	42,176
Rental income	35,292	35,694
Other income	1,197,311	433,918

Note 5. Income tax

	2021 $	2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Surplus before income tax expense	1,982,832	495,707
Tax at the statutory tax rate of 26% (2020: 27.5%)	515,536	136,319
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible differences	152,295	80,527
Net income from members not subject to tax	(227,831)	(188,062)
Fair value adjustments	(193,700)	-
Tax losses deducted	(164,173)	(19,101)
	82,127	9,683
Adjustment to deferred tax balances as a result of change in statutory tax rate	(3,463)	-
Income tax expense	78,664	9,683

Note 5. Income tax (continued)

	2021 $	2020 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	60,946
Property, plant and equipment	-	(11,175)
Employee benefits	-	12,075
Accrued expenses	-	1,648
Deferred tax asset	-	63,494
Movements:		
Opening balance	63,494	73,177
Charged to profit or loss	(63,494)	(9,683)
Closing balance	-	63,494

	2021 $	2020 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	54,527	-
Prepayments	6,014	-
Provisions	(11,942)	-
Accruals	940	-
Tax losses	(34,369)	-
Deferred tax liability	15,170	-
Movements:		
Opening balance	-	-
Charged to profit or loss	15,170	-
Closing balance	15,170	-

Note 6. Cash and cash equivalents

	2021 $	2020 $
Current assets		
Cash on hand	150,108	111,469
Cash at bank	1,577,543	859,346
	1,727,651	970,815

Note 7. Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	31,720	97,358

Note 8. Inventories

	2021 $	2020 $
Current assets		
Stock on hand - at cost	46,718	34,465

Note 9. Other

	2021 $	2020 $
Current assets		
Prepayments	132,417	104,477
Other current assets	1,000	1,000
	133,417	105,477

Note 10. Investment properties

	2021 $	2020 $
Non-current assets		
Investment property - at independent valuation	1,770,000	1,025,000

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $	2020 $
Opening fair value	1,025,000	1,025,000
Revaluation increments	745,000	-
Closing fair value	1,770,000	1,025,000

Valuations of investment properties

A valuation of the investment property was carried out by Walsh & Monaghan and adopted by the board. The basis of the valuation of investment properties is fair value and therefore has been brought to account in this year's gain on valuation of investment properties.

Note 11. Property, plant and equipment

	2021 $	2020 $
Non-current assets		
Land and buildings - at independent valuation	7,077,935	7,071,051
Less: Accumulated depreciation	(539,736)	(404,625)
	6,538,199	6,666,426
Plant and equipment - at cost	2,294,570	3,521,753
Less: Accumulated depreciation	(1,973,877)	(3,235,543)
	320,693	286,210
Motor vehicles - at cost	103,744	129,691
Less: Accumulated depreciation	(44,982)	(59,512)
	58,762	70,179
Poker machines	2,695,034	2,903,480
Less: Accumulated depreciation	(1,389,298)	(1,820,663)
	1,305,736	1,082,817
Capital works in progress	226,682	53,145
	8,450,072	8,158,777

Note 11. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land & buildings $	Plant & equipment $	Motor vehicles $	Poker machines $	Capital works in progress $	Total $
Balance at 1 July 2020	6,666,426	286,210	70,179	1,082,817	53,145	8,158,777
Additions	6,884	115,176	-	510,883	173,537	806,480
Disposals	-	(581)	-	(31,119)	-	(31,700)
Depreciation expense	(135,111)	(80,112)	(11,417)	(256,845)	-	(483,485)
Balance at 30 June 2021	6,538,199	320,693	58,762	1,305,736	226,682	8,450,072

Core Properties
- Sussex Inlet RSL Club premises, 200 Jacobs Drive, Sussex Inlet

Non-core Properties
- 'Sussex Shores' 209 Jacobs Drive, Sussex Inlet

Valuations of land and buildings
Land and buildings were last valued in 2017. The Board resolved to defer the building valuation for 30 June 2021 until the bar renovations were completed. Land and buildings will be revalued in the 2022 financial year.

Note 12. Trade and other payables

	2021 $	2020 $
Current liabilities		
Trade payables	174,088	144,173
Other payables	182,615	230,949
	356,703	375,122

Note 13. Borrowings

	2021 $	2020 $
Current liabilities		
Bank loans	-	312,720
Master asset finance facility	79,373	120,706
	79,373	433,426
Non-current liabilities		
Bank loans	-	154,646
NSW Rural Assistance Authority	300,000	-
Master asset finance facility	-	80,243
	300,000	234,889
	379,373	668,315

Bank Loans

In respect of bank loans, St George Bank - A Division of Westpac Banking Corporation has a Registered 1st Mortgage for $800,000 over the land and buildings of the Club.

In respect of the master asset finance facility, St George Bank - A Division of Westpac Banking Corporation holds a chattels mortgage over poker machines of the Club

NSW Rural Assistance Authority - Special Disaster Relief (Bushfire recovery)

The total term of the loan is 10 Years. The Loan is repayable by way of 96 monthly instalments, beginning 31 December 2022. Interest will be charged at a rate of 50% of the government bond rate, per annum and is subject to change each financial year.
In regards to the Special Disaster Relief (Bushfire Recovery) loan, NSW Rural Assistance Authority holds a Registered 2nd Mortgage over the land and buildings of the Club.

Note 13. Borrowings (continued)

Financing arrangements

Potential access was available at the reporting date to the following lines of credit:

	2021 $	2020 $
Total facilities		
Bank overdraft	200,000	200,000
Bank loans	600,000	785,000
Master asset finance facility	250,000	250,000
NSW Rural Assistance Authority	300,000	-
	1,350,000	1,235,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	-	467,366
Master asset finance facility	79,373	202,555
NSW Rural Assistance Authority	300,000	-
	379,373	669,921
Unused at the reporting date		
Bank overdraft	200,000	200,000
Bank loans	600,000	317,634
Master asset finance facility	170,627	47,445
NSW Rural Assistance Authority	-	-
	970,627	565,079

Note 14. Provisions

	2021 $	2020 $
Current liabilities		
Annual leave	130,023	112,634
Long service leave	98,268	102,151
	228,291	214,785
Non-current liabilities		
Long service leave	34,613	27,023
	262,904	241,808

Note 15. Other

	2021 $	2020 $
Current liabilities		
Accrued expenses	49,350	34,310
Membership revenue received in advance	20,545	-
	69,895	34,310
Non-current liabilities		
Membership revenue received in advance	35,534	-
	105,429	34,310

Note 16. Reserves

	2021 $	2020 $
Revaluation surplus reserve	2,996,071	2,996,071

Note 17. Retained surpluses

	2021 $	2020 $
Retained surpluses at the beginning of the financial year	6,139,760	5,653,736
Surplus after income tax expense for the year	1,904,168	486,024
Retained surpluses at the end of the financial year	8,043,928	6,139,760

Note 18. Key management personnel disclosures

Compensation

The aggregate compensation made to key management personnel of the company is set out below:

	2021 $	2020 $
Aggregate compensation	127,229	122,292

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Morton & Cord, the auditor of the company:

	2021 $	2020 $
Audit services -		
Audit of the financial statements	17,150	19,650
Other services -		
Preparation of the tax return	1,950	1,850
Business advisory services	44,537	19,020
	46,487	20,870
	63,637	40,520

Note 20. Commitments

As at 30 June 2021, the Company had $233,638 including GST of contractual capital commitments in relation to the purchase of carpet for the Club (2020: $nil).

As at 30 June 2021, the Company had a remaining $259,495 including GST of contractual capital commitments in relation to the refurbishment of the main bar for the Club (2020: $nil).

As at 30 June 2021, the Company had a remaining 50% balance of $40,851 including GST of contractual capital commitments in relation to the purchase of a new beer cooling system for the Club (2020: $nil).

Note 21. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties
There were no transactions with related parties during the current financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 22. Events after the reporting period

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

At the time of this report, the NSW Government had enforced a state-wide regional lockdown. The company could not trade on premises until the lockdown was lifted. The directors and management are monitoring the situation closely and have applied for all available government stimulus measures. The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the 2022 annual financial statements.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 23. Reconciliation of surplus after income tax to net cash from operating activities

	2021 $	2020 $
Surplus after income tax expense for the year	1,904,168	486,024
Adjustments for:		
Depreciation and amortisation	483,609	441,391
Net fair value gain on investment properties	(745,000)	-
Net gain on disposal of non-current assets	(95,007)	(24,993)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	65,638	204
Increase in inventories	(12,253)	(1,803)
Decrease in deferred tax assets	63,494	9,683
Increase in prepayments	(27,940)	(78,130)
Increase in other operating assets	(124)	-
Increase/(decrease) in trade and other payables	(18,419)	185,896
Increase in deferred tax liabilities	15,170	-
Increase in employee benefits	21,096	34,776
Increase/(decrease) in other operating liabilities	71,119	(10,938)
Net cash from operating activities	1,725,551	1,042,110

Sussex Inlet RSL Club Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the , the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

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

On behalf of the directors

D. Woodbridge
David Woodbridge
President

R. W. Blagrove
Richard Blagrove
Senior Vice President

19 October 2021

Morton & Cord
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Sussex Inlet RSL Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sussex Inlet RSL Club Ltd (the company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Sussex Inlet RSL Club Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2021 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 Sussex Inlet RSL Club Ltd, 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Morton & Cord

Michael Lees
Partner

Nowra
19 October 2021