Sussex Inlet RSL Club Ltd

ABN 38 001 026 535

Annual Report - 30 June 2022

Sussex Inlet RSL Club Ltd
Contents
30 June 2022

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, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/- Morton & Cord
70 North Street
NOWRA NSW 2541

Principal place of business

200 Jacobs Drive
SUSSEX INLET 2540

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 September 2022. The directors have the power to amend and reissue the financial statements.

Sussex Inlet RSL Club Ltd
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the Club for the year ended 30 June 2022.

Directors

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

David Woodbridge
Richard Blagrove
Michael McCall
Ronald McLean
Ronald Clarke-Bruce
Stephen Robb
Ian Lucas (elected December 2021)
Terence Valentine (elected December 2021)
Tracey Rizzi (elected December 2021)
David Durant (to December 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 financial forecast, 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.

	2022 $	2021 $	Change $	Change %
Net profit attributable to members	2,433,281	1,904,168	529,113	28%
Add back:				
Interest expenses	2,736	15,859	(13,123)	(83%)
Depreciation expense	508,344	483,560	24,784	5%
Net (gains)/losses on disposal of property, plant and equipment & fair value adjustments	(2,197,230)	(840,007)	(1,357,223)	162%
Tax expense/(benefit)	(15,718)	78,664	(94,382)	(120%)
EBITDA	731,413	1,642,244	(910,831)	

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

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

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

Name: Ian Lucas
Title: Director
Experience and expertise: Board member since 2021

Name: Terence Valentine
Title: Director
Experience and expertise: Board member since 2021

Name:	Tracey Rizzi
Title:	Director
Experience and expertise:	Board member since 2021

Meetings of directors

The number of meetings of the Club's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, 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	12	12	5	6	9	11
Richard Blagrove	11	12	6	6	6	11
Michael McCall	12	12	6	6	11	11
Ron McLean	10	12	5	6	1	4
Ron Clarke-Bruce	10	12	6	6	2	4
Stephen Robb	12	12	5	6	1	4
Ian Lucas (elected December 2021)	5	7	2	2	-	2
Terence Valentine (elected December 2021)	6	7	2	2	1	2
Tracey Rizzi (elected December 2021)	6	7	2	2	-	2
David Durant (to December 2021)	3	5	1	2	-	1

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

State of affairs

Due to the impact of Covid-19, and the NSW governments mandatory shutdown of regional Club’s between 14 August and 11 October 2021, the Club did not trade during this period. This has had a significant impact on the Club’s results and the loss of revenue has also impacted Club cashflow. While the Club did receive NSW Government support from JobSaver payments, this was not to the extent of the JobKeeper payments the previous year, that largely offset the loss of revenue associated with the closures. This year, the JobSaver payments fell well short of offsetting the loss of revenue & ongoing expenses of the Club during the shutdown.

In July 2021, the Club closed for trading while the bar renovation work was completed. In addition, during the entire main bar renovation the Club had to trade using smaller, less equipped bars which impacted trading.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Club that occurred during the financial year under review.

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

David Woodbridge	Richard Blagrove
President	Senior Vice President

2 September 2022

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 2022, 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

Morton & Cord

Michael Lees
Partner

Nowra
2 September 2022

Sussex Inlet RSL Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue	3	4,722,367	6,091,268
Other income	4	216,984	1,197,311
Interest revenue		249	359
Expenses			
Cost of sales		(588,515)	(757,032)
Employee benefits expense		(1,647,063)	(1,852,057)
Depreciation and amortisation expense		(508,344)	(483,560)
Marketing and administration		(693,775)	(656,056)
Poker machine expenses		(557,903)	(773,071)
Light and power		(125,935)	(132,130)
Occupancy		(447,032)	(444,176)
Other expenses		(151,038)	(192,165)
Finance costs		(2,736)	(15,859)
Surplus before income tax (expense)/benefit		217,259	1,982,832
Income tax (expense)/benefit	5	15,718	(78,664)
Surplus after income tax (expense)/benefit for the year attributable to the members of Sussex Inlet RSL Club Ltd	17	232,977	1,904,168
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings		2,200,304	-
Other comprehensive income for the year, net of tax		2,200,304	-
Total comprehensive income for the year attributable to the members of Sussex Inlet RSL Club Ltd		2,433,281	1,904,168

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 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	1,537,935	1,727,651
Trade and other receivables	7	17,336	31,720
Inventories	8	61,003	46,718
Other	9	159,057	133,417
Total current assets		1,775,331	1,939,506
Non-current assets			
Investment properties	10	1,804,146	1,770,000
Property, plant and equipment	11	10,698,627	8,450,072
Deferred tax	5	548	-
Total non-current assets		12,503,321	10,220,072
Total assets		14,278,652	12,159,578
Liabilities			
Current liabilities			
Trade and other payables	12	198,831	356,703
Borrowings	13	18,750	79,373
Provisions	14	210,157	228,291
Other	15	62,900	69,895
Total current liabilities		490,638	734,262
Non-current liabilities			
Borrowings	13	281,250	300,000
Deferred tax	5	-	15,170
Provisions	14	24,791	34,613
Other	15	8,693	35,534
Total non-current liabilities		314,734	385,317
Total liabilities		805,372	1,119,579
Net assets		13,473,280	11,039,999
Equity			
Reserves	16	5,196,375	2,996,071
Retained surpluses	17	8,276,905	8,043,928
Total equity		13,473,280	11,039,999

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 2022

	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

	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2021	2,996,071	8,043,928	11,039,999
Surplus after income tax benefit for the year	-	232,977	232,977
Other comprehensive income for the year, net of tax	2,200,304	-	2,200,304
Total comprehensive income for the year	2,200,304	232,977	2,433,281
Balance at 30 June 2022	5,196,375	8,276,905	13,473,280

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 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,590,274	6,096,730
Payments to suppliers and employees (inclusive of GST)		(4,955,228)	(5,422,163)
		(364,954)	674,567
Interest received		249	359
Other revenue		816,766	1,079,630
Interest and other finance costs paid		(2,736)	(29,005)
Net cash from operating activities		449,325	1,725,551
Cash flows from investing activities			
Payments for property, plant and equipment	11	(559,668)	(806,480)
Proceeds from disposal of property, plant and equipment		-	126,707
Net cash used in investing activities		(559,668)	(679,773)
Cash flows from financing activities			
Repayment of bank loans		-	(465,760)
Repayment of master asset finance facility		(79,373)	(123,182)
Increase in other loans		-	300,000
Net cash used in financing activities		(79,373)	(288,942)
Net increase/(decrease) in cash and cash equivalents		(189,716)	756,836
Cash and cash equivalents at the beginning of the financial year		1,727,651	970,815
Cash and cash equivalents at the end of the financial year	6	1,537,935	1,727,651

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

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

The company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001 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 Club'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.

Note 1. Significant accounting policies (continued)

Revenue recognition
The company recognises revenue as follows:

Sale of goods
Revenue from the sale of goods comprises of revenue earned from the provision of food, beverage and other goods and is recognised 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 at a point in time when the services are provided.

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.

Rent
Rent revenue from investment properties 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.

Government grants
During the year, the company received $156,714 from JobSaver support payments from the Australian Government, to support the maintenance of the employee headcount. 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.

Note 1. Significant accounting policies (continued)

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

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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Capital works in progress are the cost incurred to date for capital projects that are underway at reporting date. Capital works in progress are not depreciated until they are ready for use and allocated to the appropriate asset category.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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

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.

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.

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 entitlements

Poker machine entitlements are considered to be intangible assets with an indefinite life as there is no set term for holding the entitlements. As a result the entitlements are not subject to amortisation. Instead, poker machine entitlements are tested for impairment annually and are carried at cost less accumulated impairment losses. Poker machine entitlements are not considered to have an active market, hence the fair value is calculated using the value in use method based on management’s forecasts.

Note 3. Revenue

	2022 $	2021 $
Revenue from contracts with customers		
Poker machine net revenue	2,656,900	3,527,510
Bar sales	1,468,759	1,841,432
	4,125,659	5,368,942
Other revenue		
Commission	155,774	195,388
Accommodation receipts	173,342	224,622
Entertainment & promotion revenue	154,650	150,423
Other revenue	112,942	151,893
	596,708	722,326
Revenue	4,722,367	6,091,268

Note 4. Other income

	2022 $	2021 $
Net fair value gain on investment properties	-	745,000
Net gain on disposal of property, plant and equipment	(3,074)	95,007
JobSaver/JobKeeper subsidies	156,714	279,000
Member subscriptions	32,262	43,012
Rental income	31,082	35,292
Other income	216,984	1,197,311

Note 5. Income tax

	2022 $	2021 $
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Surplus before income tax (expense)/benefit	217,259	1,982,832
Tax at the statutory tax rate of 25% (2021: 26%)	54,315	515,536
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible differences	95,464	152,295
Net income from members not subject to tax	(165,345)	(227,831)
Fair value adjustments	-	(193,700)
Tax losses deducted	-	(164,173)
	(15,566)	82,127
Adjustment to deferred tax balances as a result of change in statutory tax rate	(152)	(3,463)
Income tax expense/(benefit)	(15,718)	78,664

	2022 $	2021 $
Deferred tax asset		
Movements:		
Opening balance	-	63,494
Credited/(charged) to profit or loss	548	(63,494)
Closing balance	548	-

Note 5. Income tax (continued)

	2022 $	2021 $
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	15,170	-
Charged/(credited) to profit or loss	(15,170)	15,170
Closing balance	-	15,170

Note 6. Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash on hand	250,000	150,108
Cash at bank	1,287,935	1,577,543
	1,537,935	1,727,651

Note 7. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	17,336	31,720

Note 8. Inventories

	2022 $	2021 $
Current assets		
Stock on hand - at cost	61,003	46,718

Note 9. Other

	2022 $	2021 $
Current assets		
Prepayments	158,057	132,417
Other current assets	1,000	1,000
	159,057	133,417

Note 10. Investment properties

	2022 $	2021 $
Non-current assets		
Investment property - at independent valuation	1,804,146	1,770,000

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

Opening fair value	1,770,000	1,025,000
Capital additions	34,146	-
Revaluation increments	-	745,000
Closing fair value	1,804,146	1,770,000

Valuations of investment properties
A valuation of the investment property was carried out by Walsh & Monaghan and adopted by the board in 2021. The board have considered the carrying fair value to be appropriate at 30 June 2022

Note 11. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Land and buildings - at independent valuation	8,648,052	7,077,935
Less: Accumulated depreciation	(6)	(539,736)
	8,648,046	6,538,199
Plant and equipment - at cost	2,950,303	2,294,570
Less: Accumulated depreciation	(2,017,593)	(1,973,877)
	932,710	320,693
Motor vehicles - at cost	104,285	103,744
Less: Accumulated depreciation	(56,405)	(44,982)
	47,880	58,762
Poker machines	2,695,034	2,695,034
Less: Accumulated depreciation	(1,641,501)	(1,389,298)
	1,053,533	1,305,736
Capital works in progress	16,458	226,682
	10,698,627	8,450,072

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 2021	6,538,199	320,693	58,762	1,305,736	226,682	8,450,072
Additions	3,027	57,564	541	12,500	486,036	559,668
Revaluation increments	2,200,304	-	-	-	-	2,200,304
Write off of assets	-	(3,063)	-	(11)	-	(3,074)
Transfers in/(out)	42,466	653,794	-	-	(696,260)	-
Depreciation expense	(135,950)	(96,278)	(11,422)	(264,693)	-	(508,343)
Balance at 30 June 2022	8,648,046	932,710	47,881	1,053,532	16,458	10,698,627

Core Properties

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

Non-core Properties

- ‘Sussex Shores’ 209 Jacobs Drive, Sussex Inlet

Note 11. Property, plant and equipment (continued)

Valuations of land and buildings
An independent valuation by Walsh & Monaghan Pty Ltd of the company's land and buildings being 200 Jacobs Drive, was carried out on 10 May 2022 on the basis of fair value in use resulted in a valuation of $8,645,000

Note 12. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	73,127	174,088
Other payables	125,704	182,615
	198,831	356,703

Note 13. Borrowings

	2022 $	2021 $
Current liabilities		
NSW Rural Assistance Authority	18,750	-
Master asset finance facility	-	79,373
	18,750	79,373
Non-current liabilities		
NSW Rural Assistance Authority	281,250	300,000
	300,000	379,373

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 10 year 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:

	2022 $	2021 $
Total facilities		
Bank overdraft	200,000	200,000
Bank loans	600,000	600,000
Master asset finance facility	250,000	250,000
NSW Rural Assistance Authority	300,000	300,000
	1,350,000	1,350,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	-	-
Master asset finance facility	-	79,373
NSW Rural Assistance Authority	300,000	300,000
	300,000	379,373
Unused at the reporting date		
Bank overdraft	200,000	200,000
Bank loans	600,000	600,000
Master asset finance facility	250,000	170,627
NSW Rural Assistance Authority	-	-
	1,050,000	970,627

Note 14. Provisions

	2022 $	2021 $
Current liabilities		
Annual leave	121,241	130,023
Long service leave	88,916	98,268
	210,157	228,291
Non-current liabilities		
Long service leave	24,791	34,613
	234,948	262,904

Note 15. Other

	2022 $	2021 $
Current liabilities		
Accrued expenses	18,202	49,350
Membership revenue received in advance	28,838	6,909
Subsidies and grants received in advance	15,860	13,636
	62,900	69,895
Non-current liabilities		
Membership revenue received in advance	8,693	35,534
	71,593	105,429

Note 16. Reserves

	2022 $	2021 $
Revaluation surplus reserve	5,196,375	2,996,071

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Movements in reserves

Movements in each class of reserve during the current financial year are set out below:

	Revaluation surplus reserve $	Total $
Balance at 1 July 2021	2,996,071	2,996,071
Revaluation - gross	2,200,304	2,200,304
Balance at 30 June 2022	5,196,375	5,196,375

Note 17. Retained surpluses

	2022 $	2021 $
Retained surpluses at the beginning of the financial year	8,043,928	6,139,760
Surplus after income tax (expense)/benefit for the year	232,977	1,904,168
Retained surpluses at the end of the financial year	8,276,905	8,043,928

Note 18. Key management personnel disclosures

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

	2022 $	2021 $
Aggregate compensation	134,132	127,229

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 Club:

	2022 $	2021 $
Audit services -		
Audit of the financial statements	17,600	17,150
Other services -		
Preparation of the tax return	1,950	1,950
Business advisory services	21,895	44,537
	23,845	46,487
	41,445	63,637

Note 20. Commitments

	2022 $	2021 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Carpet	-	233,638
Bar construction	-	300,346
Wharf redevelopment	83,410	-
Fire suppression system	42,735	-
Purchase of gaming machines	400,000	-
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	526,145	533,984
Total commitment	526,145	533,984
Less: Recreational Fishing Trust grant - wharf redevelopment	(63,811)	-
Net commitment recognised as liabilities	462,334	533,984

The company has committed to the construction of a new wharf at a cost of $83,410. This will be offset by a grant to be received from the Recreational Fishing Trust of $63,811, which is administered through the Sussex Inlet Chamber of Commerce Inc.

The company has committed to install a new fire suppression system in the kitchen at a cost of $42,735

The company has committed to purchase new gaming machines to a total value of $400,000. These machines are expected to be installed in October 2022 and it's anticipated that this will not need to be paid until January 2023.

Note 21. Related party transactions

Parent entity
Sussex Inlet RSL Club Ltd is the parent entity.

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

Coronavirus (COVID-19) pandemic

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 Coronavirus Omicron variant is disrupting supply lines, employee availability and patronage. At the time of this report, there is no planned government imposed restrictions on venues. Despite the best estimates and forecasts of the Club, any future restrictions would significantly impact results

CBA finance restructure

In January 2022, the Club met with representatives of the Commonwealth Bank of Australia ("the CBA") in order to restructure the current debt facilities held with St George Bank to more favourable terms. The Club was able to secure a deal with the CBA that better meets it's the needs moving forward to achieve the operational and investment strategies and giving greater flexibility to repay debt, if drawn down. Loan drawdown amounts can be repaid at any time without penalty. This agreement is for future investment in the Club.

The Club has since received a letter of offer as set out below and accepted the terms.

Terms and specific facility information

The initial term of the agreement is for 5 years and repayments are interest only, charged monthly on the drawn balance. The current variable interest rate under this agreement is 5.44%.

Once completed, the undrawn facilities will be as follows:

CBA financing facilities	
BetterBusiness Loan	790,000
Commonwealth Bank Corporate Charge Card	10,000
	800,000

Upon settlement, the Club will only draw a minimum payment of $1,000 and the unused portion of the facility will be available for future draw down over the next 5 years if the need arises.

Upon settlement, the CBA will take the following as security:

General Security Interest by Sussex Inlet RSL Club Ltd comprising: First ranking charge over All Present & After Acquired Property.

Second Registered Mortgage by Sussex Inlet RSL Club Ltd over Non Residential Real Property located at 200 Jacobs Dr SUSSEX INLET NSW

No other matter or circumstance has arisen since 30 June 2022 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.

Sussex Inlet RSL Club Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

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

- the attached financial statements and notes give a true and fair view of the Club's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Club 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

David Woodbridge President	Richard Blagrove Senior Vice President

2 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Sussex Inlet RSL Club Ltd

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 2022, 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 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards 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 2022, 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.

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 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.

INDEPENDENT AUDITOR'S REPORT

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

Morton & Cord

Michael Lees
Partner

Nowra
2 September 2022