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Penshurst RSL Club Limited

ABN 56 430 538 750

Annual Financial Report  
31 December 2022

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# Penshurst RSL Club Limited

## Directors' Report

The directors present their report, together with the financial statements of Penshurst RSL Club Limited for the year ended 31 December 2022.

### Directors

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

John Hoban	Retired Public Relations Manager Appointed President 20 March 2016 Director 17 years
Kim Thompson	Retired Public Servant Appointed Vice President 25 March 2018 Director 5 years
Kevin Kelly	Retired National Sales Manager Director 5 years
Susie Bourke	Retired Medical Receptionist Director 11 years
Graham Grant	Retired Petro-Chemical Workshop Manager Director 7 years
Michael Korfias	Bus Driver Director 7 years
Garry Johnson	Retired Public Servant Appointed Director 24 February 2022 Director 1 year

### Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2022 and the number of meetings attended by each director were:

#### BOARD MEETINGS

Director	Number of Meetings Held	Number of Meetings Attended
John Hoban	12	12
Kim Thompson	12	12
Kevin Kelly	12	12
Susie Bourke	12	9
Graham Grant	12	12
Michael Korfias	12	12
Garry Johnson	10	8

# Penshurst RSL Club Limited

## Directors' Report

### Principal activities

The principal activity of the company during the course of the financial year was to trade as a Licensed Club, and there has been no significant change in the nature of this activity since the last report.

The company changed from a co-operative body to a company limited by guarantee in February 2018. This changed the company from Penshurst RSL Club Co-operative, registered under the Co-operative Act 1992, to Penshurst RSL Club Limited, registered as a company limited by guarantee under the *Corporations Act 2001*.

### Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2022 and the comparison with last year is as follows:

	2022	2021
Ordinary	5,948	4,839
Life	9	9
	<hr/>	<hr/>
	5,957	4,849
	<hr/>	<hr/>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total amount that the members of the company are liable to contribute if the company is wound up is \$11,914 (2021: \$9,698).

### Operating result

The profit before tax for the year amounted to \$1,427,478 compared with \$368,064 for the prior year. This result is after charging \$746,766 (2021: \$838,841) for depreciation.

### Objectives

#### Short term

The club's main short-term objective is to provide a safe and friendly club environment, where everyone is welcome. The club must ensure its' ongoing focus on efficient operational performance whilst supporting local sporting clubs and the local community.

#### Long term

To secure the long-term future of the Penshurst RSL Club by ensuring optimum operational efficiencies in order to strengthen the club's financial position.

The overall vision is to ensure that the Club is able to provide an outstanding facility and services to its members and the local community to enjoy.

# Penshurst RSL Club Limited

## Directors' Report

### Strategy for achieving the objectives

All Board members must attend the Compulsory Directors training which incorporates the two courses entitled "Director Foundation and Management Collaboration" and "Finance for Club Boards".

The Directors have a liability under the Corporations Act.

Annually the Board sets and/or reviews the club's Strategic Plan.

The Board have identified the following six core strategic objectives from the club's Strategic Plan:

1. Sustainable Future
2. Operational Excellence
3. Outstanding Facilities
4. Strong Identity
5. Community Cornerstone
6. Masterplan

The following four key documents are also in place in order to assist with achieving the club's Strategic Plan:

- Operational Plan - A plan prepared by the senior management that clearly defines the actions that it will take to support the strategic objectives and plans set by the Board.
- Capital Investment Plan - A plan prepared by the senior management that details all potential capital investment projects for the club's strategic objectives.
- Master Plan - A plan approved by the Board that describes the overall land use for the club's operations which includes both present property uses as well as future land development plans.
- Financial Forecasts - An estimated financial report approved by the Board which include profit and loss, balance sheet and cash-flow statements and reflect both the strategic plan and operational plan objectives.

### How these activities assist in achieving the objectives

The principal activities assist in achieving the objectives as they are our core revenues and foundations to be able to achieve the objectives. The strategies are reviewed on a monthly basis by the Board to ensure that they are aligned in assisting the club to achieve optimum performance and to enhance and improve the club facility as a whole.

### Performance measurement and key performance indicators

The club has detailed budgets and cash-flows which are approved by the Board for the ensuing year. The performance of the club is monitored by the Board on a monthly basis in line with a number of industry Key Performance Indicators (KPIs) such as:

- Gross Profit Margins
- Wages to Sales analysis
- Profit and Loss accounts
- Balance Sheet analysis
- Earnings Before Tax, Depreciation and Amortisation (EBITDA)
- Cash-flow

	2022	2021
Employee benefits expense to sales percentage	25.0%	32.8%
EBITDA - percentage of revenue	28.8%	25.9%

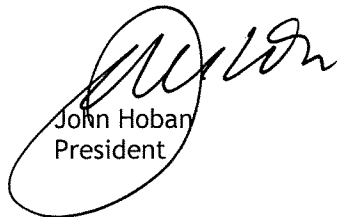
Penshurst RSL Club Limited  
Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors.

Dated at Penshurst 30<sup>th</sup> day of March 2023.



John Hoban  
President

**DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF PENShurst RSL CLUB LIMITED**

As lead auditor of Penshurst RSL Club Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Clayton', with a stylized flourish extending from the end.

Clayton Eveleigh  
Director

**BDO Audit Pty Ltd**

Sydney, 30 March 2023

Penshurst RSL Club Limited

Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
<b>Revenue and other income</b>			
Sale of goods		796,028	556,177
Rendering of services		6,712,480	4,177,926
Other revenue		67,632	56,705
Other income		27,725	211,156
		<hr/>	<hr/>
Total revenue and other income	1	7,603,865	5,001,964
		<hr/>	<hr/>
<b>Expenses</b>			
Raw materials and consumables used		273,383	194,012
Employee benefits expense		1,902,141	1,641,001
Depreciation expense		746,766	838,841
Finance costs	2	17,223	86,991
Marketing and promotional expenses		648,908	274,191
Poker machine licences and taxes		1,358,292	747,220
Occupancy expenses		807,077	604,412
Other expenses		422,597	247,232
		<hr/>	<hr/>
		6,176,387	4,633,900
		<hr/>	<hr/>
<b>Profit before income tax</b>		1,427,478	368,064
Income tax expense	3	-	-
		<hr/>	<hr/>
<b>Net profit after income tax expense attributable to members</b>		1,427,478	368,064
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	1,121,864
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to members</b>		1,427,478	1,489,928
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 11 to 26.

Penshurst RSL Club Limited  
Statement of Financial Position  
As at 31 December 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,673,680	2,145,666
Trade and other receivables		13,117	13,146
Inventories		61,075	52,192
Prepayments		90,396	96,952
<b>Total Current Assets</b>		<b>2,838,268</b>	<b>2,307,956</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	15,357,806	15,626,228
Investment property	5	1,750,000	1,750,000
Poker machine entitlements		101,818	101,818
<b>Total Non-Current Assets</b>		<b>17,209,624</b>	<b>17,478,046</b>
<b>Total Assets</b>		<b>20,047,892</b>	<b>19,786,002</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	586,885	889,137
Financial liabilities	7	230,752	572,550
Employee benefits	8	425,456	368,317
Income received in advance		-	11,335
<b>Total Current Liabilities</b>		<b>1,243,093</b>	<b>1,841,339</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	7	79,099	664,987
Employee benefits	8	34,012	29,538
Income received in advance		21,410	7,338
Deferred tax liability	3	1,222,843	1,222,843
<b>Total Non-Current Liabilities</b>		<b>1,357,364</b>	<b>1,924,706</b>
<b>Total Liabilities</b>		<b>2,600,457</b>	<b>3,766,045</b>
<b>Net Assets</b>		<b>17,447,435</b>	<b>16,019,957</b>
<b>Members' Funds</b>			
Reserves	9	4,227,931	4,227,931
Retained profits		13,219,504	11,792,026
<b>Total Members' Funds</b>		<b>17,447,435</b>	<b>16,019,957</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 11 to 26.

Penshurst RSL Club Limited

Statement of Changes in Members' Funds  
For the Year Ended 31 December 2022

	Reserves \$	Retained Profits \$	Total Equity \$
<b>Balance at 31 December 2020</b>	3,106,067	11,423,962	14,530,029
Net profit after income tax expense for the year	-	368,064	368,064
Other comprehensive income for the year, net of tax	1,121,864	-	1,121,864
Total comprehensive income for the year	1,121,864	368,064	1,489,928
<b>Balance at 31 December 2021</b>	4,227,931	11,792,026	16,019,957
Net profit after income tax expense for the year	-	1,427,478	1,427,478
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,427,478	1,427,478
<b>Balance at 31 December 2022</b>	4,227,931	13,219,504	17,447,435

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 11 to 26.

Penshurst RSL Club Limited  
Statement of Cash Flows  
For the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from customers (inclusive of GST)	8,289,886	5,200,398
Payments to suppliers and employees (inclusive of GST)	(6,392,980)	(3,866,117)
Proceeds from government grants received	-	211,156
Interest received	2,832	5
Rent received	64,800	56,700
Finance costs paid	(17,223)	(86,991)
<b>Net cash inflow from operating activities</b>	<b>1,947,315</b>	<b>1,515,151</b>
<b>Cash Flows from Investing Activities</b>		
Payment for property, plant and equipment	(491,615)	(920,286)
<b>Net cash outflow from investing activities</b>	<b>(491,615)</b>	<b>(920,286)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of borrowings	(834,350)	(451,405)
Net repayments of lease liabilities	(93,336)	(230,010)
<b>Net cash outflow from financing activities</b>	<b>(927,686)</b>	<b>(681,415)</b>
<b>Net increase in cash and cash equivalents</b>	<b>528,014</b>	<b>(86,550)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>2,145,666</b>	<b>2,232,216</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,673,680</b>	<b>2,145,666</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 11 to 26.

# Penshurst RSL Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### About this report

Penshurst RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a not-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Penshurst RSL Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 30 March 2023.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australia Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Have had comparative information restated to conform with changes in presentation in the current year, where necessary; and
- Have been prepared on a going concern basis.

#### Standards and Interpretations issued but not yet effective

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

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

#### Critical Accounting Judgements, Estimates and Assumptions

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

Estimation of useful lives of assets	Note 4
Long service leaves liability	Note 8
Fair value of property	Notes 4 and 5

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>1 Revenue and Other Income</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	796,028	556,177
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	6,590,125	4,112,900
Keno commission received	39,513	23,630
Members' subscriptions	19,478	20,369
TAB commission received	12,542	7,422
Room hire	26,486	5,927
Brassiere utilities recovery	20,500	6,000
Sundry income	31,561	1,678
	<b>6,740,205</b>	<b>4,177,926</b>
<b>Other Revenues</b>		
Interest received	2,832	5
Rent received	64,800	56,700
	<b>67,632</b>	<b>56,705</b>
<b>Other Income</b>		
Government grants received	-	211,156
	<b>-</b>	<b>211,156</b>
<b>Total Revenue and Other Income</b>	<b>7,603,865</b>	<b>5,001,964</b>

### Recognition and Measurement

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

#### Sale of Goods

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

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

1 Revenue and Other Income (continued)

**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.

**Interest Revenue**

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

**Rent Revenue**

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

	2022 \$	2021 \$
<b>2 Expenses</b>		
Profit before income tax includes the following specific expenses:		
<b>Finance costs</b>		
Bank loans	9,890	69,373
Lease interest charges	7,333	17,619
	<hr/>	<hr/>
	17,223	86,991
	<hr/>	<hr/>
Defined contribution superannuation expense	160,433	127,309
	<hr/>	<hr/>
Loss on disposal of non-current assets	14,272	368
	<hr/>	<hr/>

**Recognition and Measurement**

**Finance Costs**

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

**Sale of Property, Plant and Equipment**

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

### 3 Income Tax

#### (a) Income Tax Expense

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

	2022 \$	2021 \$
(b) Deferred Tax Liability		
Unrealised gain on revaluation of land and buildings	1,222,843	1,222,843
	<hr/>	<hr/>
(c) Deferred Tax Assets		
Unrecognised deferred tax assets associated with unused tax losses	220,542	226,869
	<hr/>	<hr/>

#### Recognition and Measurement

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

#### Mutuality Principal

The Club 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 - e.g. poker machines, bar and dining room services 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.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>4 Property, Plant and Equipment</b>		
Freehold land <i>At independent valuation 2021</i>	7,500,000	7,500,000
Buildings and improvements <i>At independent valuation 2021</i>	5,868,687	5,860,687
Gaming floor renovation - at cost <i>Accumulated depreciation</i>	1,477,762 (1,049,060)	1,477,764 (855,269)
	<hr/> 13,797,389	<hr/> 13,983,182
Right-of-use - leased assets - at cost <i>Accumulated depreciation</i>	671,636 (533,609)	671,637 (407,960)
	<hr/> 138,027	<hr/> 263,677
<i>Plant and equipment - at cost</i> <i>Accumulated depreciation</i>	6,622,986 (5,263,046)	6,979,350 (5,629,981)
	<hr/> 1,359,940	<hr/> 1,349,369
Capital WIP - <i>at cost</i>	62,450	30,000
	<hr/> 15,357,806	<hr/> 15,626,228
Total property, plant and equipment net book value	<hr/> <hr/> 15,357,806	<hr/> <hr/> 15,626,228

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

### Recognition and Measurement

Freehold land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. 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.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same class of land and buildings recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to that class of land and buildings.

# Penshurst RSL Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2022

#### 4 Property, Plant and Equipment (continued)

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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

Buildings and improvements	60 years
Plant and equipment	5 - 10 years

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

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

#### Key Estimate and Judgement: Estimation of Useful Lives of Assets

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

#### Right-of-use assets

The company hires plant and equipment under hire purchase agreements expiring from one to five years. The hire purchase facility is secured against the assets purchased. A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### Valuation

An independent valuation of the Club's freehold land and buildings was carried out in December 2021 resulting in a valuation of \$13,350,000. In arriving at the fair value, due to the specialised nature of the property and no comparable sales, the cost approach was used for land and the depreciated replacement cost approach was used for the buildings and site improvements, whereby the depreciated value of the improvements are added to the underlying land value.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

4 Property, Plant and Equipment (continued)

	2022 \$	2021 \$
Reconciliations		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Freehold Land, Buildings and Improvements</b>		
Carrying amount at beginning of year	13,983,182	13,289,196
Revaluation increment	-	867,348
Additions	8,000	22,151
Depreciation expense	(193,793)	(195,513)
Carrying amount at end of year	13,797,389	13,983,182
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	1,349,369	1,025,931
Additions	451,165	868,135
Disposals	(13,272)	(41,368)
Depreciation expense	(427,322)	(503,329)
Carrying amount at end of year	1,359,940	1,349,369
<b>Right-of-use - leased assets</b>		
Carrying amount at beginning of year	263,677	431,591
Additions	-	-
Disposals	-	(27,915)
Depreciation expense	(125,650)	(139,999)
Carrying amount at end of year	138,027	263,677
<b>Capital Work-in-progress</b>		
Carrying amount at beginning of year	30,000	-
Additions	32,450	30,000
Carrying amount at end of year	62,450	30,000

**Core Properties held by the Club**  
58A Penshurst Street, Penshurst NSW 2222

**Non-core Properties held by the Club**  
25, 27, 29 and 31 Connelly Street, Penshurst NSW 2222

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

5 Investment Property

	2022 \$	2021 \$
Freehold land and buildings at fair value	1,750,000	1,750,000
Accumulated depreciation	-	-
	<hr/>	<hr/>
Building at fair value	1,750,000	1,750,000
	<hr/>	<hr/>
<b>Movements in Carrying Amounts</b>		
Carrying amount at beginning of year	1,750,000	1,430,000
Revaluation increment	-	320,000
	<hr/>	<hr/>
Carrying amount at end of year	1,750,000	1,750,000
	<hr/>	<hr/>

Valuation

An independent valuation of the company's freehold land and buildings was carried out in December 2021 on the basis of open market value for existing use resulting in a valuation of \$13,350,000 using the Capitalisation of Net Income method of valuation. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Non-core Property

52 Penshurst Street, Penshurst NSW 2222

Recognition and Measurement

Investment properties principally comprise 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.

Key Estimate and Judgement: Fair Value

The Club has determined that the fair value model is more appropriate for reflecting the value of its investment property. The Capitalisation of Net Income method of valuation has been adopted, which assesses the income earning potential and investment return for the property. This is then reconciled to the Direct Comparison Approach whereby it is compared to sales on a rate per square metre of lettable floor area and site area inclusive of improvements of comparable properties.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

6 Trade and Other Payables

	2022 \$	2021 \$
<b>Current</b>		
Trade payables	283,214	526,331
Other payables and accrued expenses	303,671	372,806
	<hr/>	<hr/>
	586,885	899,137
	<hr/>	<hr/>

**Recognition and Measurement**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. 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.

7 Financial Liabilities

	2022 \$	2021 \$
<b>Financing Arrangements</b>		
The company has access to the following lines of credit:		
Total facilities available:		
Commercial bills	187,045	1,021,396
Asset finance - hire purchase liabilities	122,806	216,142
Credit card	10,000	10,000
Overdraft	-	-
	<hr/>	<hr/>
	319,851	1,237,538
	<hr/>	<hr/>

Facilities utilised at reporting date:

**Current Financial Liabilities**

Borrowings - bank loans	187,045	479,215
Lease liabilities - hire purchase	43,707	93,336
	<hr/>	<hr/>
	230,752	572,550
	<hr/>	<hr/>

**Non-Current Financial Liabilities**

Borrowings - bank loans	-	542,181
Lease liabilities - hire purchase	79,099	122,806
	<hr/>	<hr/>
	79,099	664,987
	<hr/>	<hr/>

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

**7 Financial Liabilities (continued)**

**Bank Loans**

The bank loan is denominated in Australian dollars.

The bank loan's current balance represents the portion of the company's bank loan ndue within one year. The commercial bill facilities extend through 2023 hereas hire purchase agreements span from one to five years in length.

**Security**

- i) The commercial bill facility is secured by first registered general security agreement over the assets and undertakings of the company and first registered real property mortgage over the property located at 52 and 58a Penshurst Street, Penshurst NSW 2222.
- ii) Hire purchase liabilities are secured by first registered specific security agreement over equipment suitable to be financed by St George Bank given by the company.

**Recognition and Measurement**

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

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

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

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

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>8 Employee Benefits</b>		
<b>Current Employee Benefits</b>		
Long service leave	157,597	144,072
Annual leave	267,860	224,245
	<hr/>	<hr/>
	425,457	368,317
	<hr/>	<hr/>
<b>Non-Current Employee Benefits</b>		
Long service leave	34,012	29,538
	<hr/>	<hr/>

#### Superannuation Plans

##### Contributions

The company is under a legal obligation to contribute 10.0% of each employee's base salary to a superannuation fund.

#### Recognition and Measurement

##### Wages and Salaries, Annual Leave

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

##### Long Service Leave

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

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

##### Superannuation Plan

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

#### Key Estimate and Judgement: Long Service Leave Provision

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

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

	2022 \$	2021 \$
<b>9 Reserves</b>		
Capital profits reserve	545,000	545,000
Asset revaluation reserve	3,668,528	3,668,528
Members' withdrawn share reserve	14,403	14,403
	<hr/>	<hr/>
	4,227,931	4,227,931
	<hr/>	<hr/>

**10 Commitments, contingent liabilities and contingent assets**

There are no significant commitments, contingent liabilities nor contingent assets at the end of the year.

The company hires plant and equipment under hire purchase agreements expiring from one to five years. The hire purchase facility is secured against the assets purchased under this facility in Note 4.

	2022 \$	2021 \$
<b>11 Remuneration of Auditors</b>		
Audit services - Accounting Firm BDO Australia Ltd		
Audit of the financial statements	29,500	26,500
Taxation services - Accounting Firm BDO Australia Ltd	8,250	7,500
	<hr/>	<hr/>
	37,750	34,000
	<hr/>	<hr/>

**12 Key Management Personnel Details**

**(a) Directors**

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

John Hoban  
Kim Thompson  
Kevin Kelly  
Susie Bourke  
Graham Grant  
Michael Korfias  
Garry Johnson

Penshurst RSL Club Limited  
Notes to the Financial Statements  
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12 Key Management Personnel Details (continued)

(b) Other Key Management Personnel

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

Name	Position
Chris Hendley	Chief Executive Officer

(c) Key Management Personnel Compensation

	2022 \$	2021 \$
Benefits and payments made to the Directors and Other Key Management Personnel	274,618	255,544

13 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

Transactions with related parties

From time to time the company pays, and is subsequently reimbursed, for various expenses on behalf of the Sub-Branch. During the 2022 financial year the company paid \$19,121 (2021: \$15,372) on behalf of the Sub-Branch and the company was reimbursed \$16,404 (2021: \$10,076).

During the 2022 financial year the company provided funding, through the Club Grants scheme, of \$10,400 to the Sub-Branch (2021: \$10,450).

The shortage of expenses reimbursed by the Branch in 2022, totalling \$2,717, and the amount receivable from the Sub-Branch at 31 December 2022 reconcile to the payable to the Sub Branch at 31 December 2022.

During the 2022 and 2021 financial years the company made available office space to the Sub-Branch at no cost.

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

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Receivable from and payable to related parties

As at 31 December 2022, the company recognised a receivable of \$2,717 (2021: \$4,096) from the Sub Club.

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

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

## 14 Company Details

The company is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At 31 December 2022 there were 5,957 members.

The registered office of the company is 58A Penshurst Street, Penshurst NSW 2222.

## 15 Events Subsequent to Reporting Date

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

## 16 Summary of Other Significant Accounting Policies

### (a) Goods and Services Tax

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

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

### (b) 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.

### (c) Financial Assets

The Club classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired and subsequent reclassification to other categories is restricted to limited circumstances. Management determines the classification of its investments at initial recognition.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

**16 Summary of Other Significant Accounting Policies (continued)**

All financial assets are recognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

**Loans and receivables**

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. They arise when the Club provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

**(d) Inventories**

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

**(e) Fair Value Estimation**

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

The fair value of financial instruments traded in active markets such as trading and available for sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Club is the current bid price.

The carrying value of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Club for similar liabilities.

**(f) Comparatives**

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

**(g) Customer Loyalty Program**

The Club operates a loyalty program where customers accumulate points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed. Points carried forward for level 1, level 2 and level 3 patrons were accrued at year end, whilst points for level 4 and level 5 patrons were cleared, as they were forfeited at year end.

Penshurst RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2022

16 Summary of Significant Accounting Policies (continued)

(h) Impairment of Assets

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

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

# Penshurst RSL Club Limited

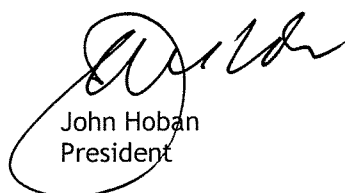
## Directors' Declaration

The directors of Penshurst RSL Club Limited declare that:

- (a) In the directors' opinion the financial statements and notes set out on pages 7 to 26, are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Simplified Disclosures and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Penshurst this 30<sup>th</sup> day of March 2023.



John Hoban  
President

## INDEPENDENT AUDITOR'S REPORT

To the members of Penshurst RSL Club Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Penshurst RSL Club Limited, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

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



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

#### **Responsibilities of the directors for the Financial Report**

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

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

#### **Auditor's responsibilities for the audit of the Financial Report**

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

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

**BDO Audit Pty Ltd**

  
Clayton Eveleigh  
Director

Sydney, 30 March 2023