

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2021

Strathfield Recreation Club Limited

ABN: 67 000 001 178

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For the Year Ended 30 September 2021

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Strathfield Recreation Club Limited

ABN: 67 000 001 178

Directors' Report

30 September 2021

The Directors present their report on Strathfield Recreation Club Limited (the Club) for the financial year ended 30 September 2021.

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Names

KING, Graham

BOW, Robert

HART, Daryl

PADD, Mark

KELLY, Christopher

TAMANG, Mrigesh

JAMES-BLAND, Rod

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Strathfield Recreation Club Limited during the financial year was to provide members and their guests with the amenities and facilities enabling them to enjoy tennis, futsal and indoor social and recreational activities.

The following significant changes in the nature of the principal activities occurred during the financial year:

- Substantially progress the extensive upgrading of the Club's buildings and grounds;
- Implement new minimum Tennis NSW coaching standards to be met by all coaches operating at the Club;
- Manage through Covid and to support both our members and staff through these difficult times;
- Extra support given to Chalmers Road School;
- Licencing of Everything Tennis Pro Shop Business;
- Agreement was reached with St George bank to repay \$1 million off the loan. Re-negotiation of a lower variable rate on the balance. This occurred in November 2021;
- Accumulation of sufficient cash to complete the grass court conversion;
- Staff and director training and compliance initiatives; and
- Increased number of badge teams participating.

Short term objectives

During the past year our focus has been to carry out the upgrade works safely with the least disruption to members and their guests. As we move forward during the next 12 months, we see the priorities to be:

- Completion of upgrade works;
- Maintain and increase the club's financial success and set aside funds to reduce our bank loan;
- Increase tennis memberships and member participation in Badge & other competitions;
- Maximise use of the extended upstairs space and generally maintain facilities and service levels needed to ensure recreational enjoyment of all members;
- Complete grass court removal and provide 2x new synthetic grass courts and additional parking; and
- Strengthen the involvement and bonding of members with club activities and sports.

Strathfield Recreation Club Limited

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Directors' Report

30 September 2021

Long term objectives

Over the next five years, the Board plans to:

- Continue to operate successfully keeping abreast of changing economic, social and legislative conditions as we fully repay our present bank loan;
- Develop and present to members a five to ten year strategic plan setting out long term opportunities and goals;
- Strive to increase female tennis membership and board participation; and
- Introduce subsidised coaching arrangements for members.

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Keep abreast of all issues that affect trading conditions, review selected new opportunities and seek ways to maximise use of the Clubs facilities;
- Present to members a 5 year strategic plan for their consideration and approval that will guide future investments and development opportunities;
- Improve and maintain all facilities to meet the needs of members as we continue to grow;
- Capturing the Club's rich tennis heritage and we will enhance awareness and our tennis credentials by trialing co-hosted sanctioned tennis events;
- Execute new member recruitment campaigns and member coaching strategies aiming particularly to increase female tennis membership and successful Badge participation;
- Train and develop staff and Board members to meet future needs and operating demands; and
- Adoption of state of the art business software to stay at the forefront of club administration which includes integrated systems such as membership, boom gates and rewards points.

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

KING, Graham

Qualifications B.Engineering (USYD), Dip Power Engineering (USYD), Dip Business, Cert IV Res Building Construction

BOW, Robert

Qualifications B.Build (QS), B.Sc(Arch), B.Arch (hons), [UNSW], A.R.A.I.A

Special Responsibilities President

HART, Daryl

Qualifications IT Portfolio Manager, Senior Project Manager, Prince 2 Certified

Special Responsibilities Vice President, Tennis Committee

PADD, Mark

Qualifications B.Pharmacy

Special Responsibilities Vice President, Tennis Committee

KELLY, Christopher

Qualifications Retired, Fellow Certified Practising Accountant, Fellow member of Chartered Secretaries, Managers and Administrators

Strathfield Recreation Club Limited

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Directors' Report

30 September 2021

Information on Directors (cont'd)

TAMANG, Mrigesh

Qualifications

Masters of Geotechnical Engineering (MEng), Bachelor of Engineering (BEng), Member of Australian Institute of Engineers (MIEAUST)

JAMES-BLAND, Rod

Qualifications

Dipp in Jazz studies, cert in Electronics Trade, Open Cabling License

Members guarantee

Strathfield Recreation Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$6 subject to the provisions of the company's constitution. At 30 September 2021 the collective liability of members was \$88,896 (2020: \$67,224).

Meetings of Directors

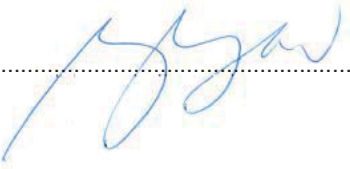
During the financial year, 17 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number attended	Number eligible to attend
KING, Graham	16	17
BOW, Robert	16	17
HART, Daryl	17	17
PADD, Mark	15	17
KELLY, Christopher	16	17
TAMANG, Mrigesh	15	17
JAMES-BLAND, Rod	11	17

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 September 2021 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

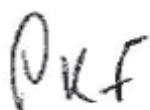
Date: 13/1/22

Strathfield Recreation Club Limited
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**Auditors Independence Declaration under Section 307C of the Corporations Act 2001
To the Directors of Strathfield Recreation Club Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



KYM REILLY
PARTNER

13 JANUARY 2022
SYDNEY, NSW

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2021

	Note	2021 \$	2020 \$
Revenue			
Revenue from ordinary activities	2	5,327,542	5,294,847
Expenses			
Raw materials and consumables used		(565,303)	(603,235)
Employee benefits expense	3	(1,124,403)	(1,178,953)
Depreciation, amortisation and impairment	3	(954,960)	(960,834)
Borrowing costs	3	(165,588)	(169,522)
Other operating expenses	3	(2,261,828)	(2,014,465)
Profit before income tax		255,460	367,838
Income tax expense	1(k)	-	-
Profit for the year		255,460	367,838
Other comprehensive income		-	-
Total comprehensive income for the year		255,460	367,838

The accompanying notes form part of these financial statements.

Strathfield Recreation Club Limited

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Statement of Financial Position**As At 30 September 2021**

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,199,060	1,658,897
Trade and other receivables	5	31,084	65,269
Inventories	6	30,972	39,353
Other assets	7	103,015	83,993
TOTAL CURRENT ASSETS		2,364,131	1,847,512
NON-CURRENT ASSETS			
Property, plant and equipment	8	41,008,372	41,264,835
Intangible assets	9	822,611	879,050
Right of use asset		135,071	202,606
TOTAL NON-CURRENT ASSETS		41,966,054	42,346,491
TOTAL ASSETS		44,330,185	44,194,003
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	392,731	431,820
Borrowings	11	69,642	66,899
Employee benefits	12	126,058	103,473
Other liabilities	13	42,657	95,594
TOTAL CURRENT LIABILITIES		631,088	697,786
NON-CURRENT LIABILITIES			
Borrowings	11	3,592,468	3,645,048
TOTAL NON-CURRENT LIABILITIES		3,592,468	3,645,048
TOTAL LIABILITIES		4,223,556	4,342,834
NET ASSETS		40,106,629	39,851,169
EQUITY			
Reserves	14	30,302,689	30,302,689
Retained earnings		9,803,940	9,548,480
TOTAL EQUITY		40,106,629	39,851,169

The accompanying notes form part of these financial statements.

Strathfield Recreation Club Limited

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Statement of Changes in Equity

For the Year Ended 30 September 2021

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 October 2020	9,548,480	30,302,689	39,851,169
Profit for the year	255,460	-	255,460
Balance at 30 September 2021	9,803,940	30,302,689	40,106,629
Balance at 1 October 2019	9,180,642	30,302,689	39,483,331
Profit for the year	367,838	-	367,838
Balance at 30 September 2020	9,548,480	30,302,689	39,851,169

The accompanying notes form part of these financial statements.

Strathfield Recreation Club Limited

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Statement of Cash Flows

For the Year Ended 30 September 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	5,502,064	5,285,247
Payments to suppliers and employees	(4,225,300)	(3,858,526)
Grants and subsidies received	81,255	226,750
Interest received	5,929	870
Finance costs	(165,588)	(169,522)
Net cash provided by operating activities	<u>1,198,360</u>	<u>1,484,819</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant & equipment	(400,665)	(250,961)
Capitalised expenditure for redevelopment	(167,532)	(215,495)
Acquisition of intangible assets	(90,000)	(168,000)
Net cash used in investing activities	<u>(658,197)</u>	<u>(634,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(350,000)
Net cash provided by/(used in) financing activities	<u>-</u>	<u>(350,000)</u>
Net increase in cash and cash equivalents held	540,163	500,363
Cash and cash equivalents at beginning of year	<u>1,658,897</u>	<u>1,158,534</u>
Cash and cash equivalents at end of financial year	4 <u><u>2,199,060</u></u>	<u><u>1,658,897</u></u>

The accompanying notes form part of these financial statements.

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

The financial statements are for Strathfield Recreation Club Limited as an incorporated individual entity incorporated and domiciled in Australia. Strathfield Recreation Club is a registered Club limited by guarantee.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Comparatives are consistent with prior years, unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Club expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price which takes into account estimates of variable consideration and the time value of money
4. Allocate the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good or service to be delivered
5. Recognise the revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Club have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(b) Revenue and other income (cont'd)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Club are:

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time where the performance obligations have been met and transfer of control have been completed. Revenue is recognised net of any discounts given to members/patrons.

Provision of services

Revenue from rendering of services comprises revenue from memberships, together with other services to members and other patrons of the Club and is recognised when the services are provided.

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

Gaming machine revenue is recognised on an accrual basis, calculated as net of gaming machine collections and payout's, less any costs associated with future jackpot contributions.

Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

Interest revenue

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

Rental income

Rental income from sub-leases is recognised on a straight line basis over the term of the lease.

Other income

Other income is recognised on an accruals basis when the Club is entitled to it.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Plant and equipment and buildings are measured using the cost model and land is measured using the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Fair value

Land is currently held at fair value using the revaluation model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	1 - 20%
Plant and Equipment	2.5 - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Future capital improvements is capitalised within property, plant and equipment and capital works in progress. When development is completed, the asset will be transferred to plant and equipment. No depreciation is charged during the development phase.

(e) Intangible Assets

Poker machine entitlements

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have an indefinite life and are tested annually for impairment and carried at cost less any accumulated amortisation and impairment losses.

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(e) Intangible Assets (cont'd)

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is stated after separate recognition of identifiable intangible assets and is carried at cost less accumulated impairment losses.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Club becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(f) Financial instruments (cont'd)

Financial assets (cont'd)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment and including forward looking information.

The Club uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Club uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Club in full, without recourse to the Club to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Club's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(g) Impairment of non-financial assets

At the end of each reporting period, the Club determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life, intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Employee benefits

A provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(k) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Leases

Lease liabilities are measured at the present values of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate the Club would have to pay to borrow funds necessary to obtain an asset of similar value to the Right-Of-Use asset (ROU) in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined from the contract, which is generally the case for leases in the Club.

Lease payments due within 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit and loss.

The short-term exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense. Assets and liabilities arising from a lease liability are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

(n) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

Key estimates - impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Notes to the Financial Statements

For the Year Ended 30 September 2021

1 Summary of Significant Accounting Policies (cont'd)

(n) Critical accounting estimates and judgments (cont'd)

Key estimates - Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 September 2021, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of land

The Club carries its land at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained triennially. At the end of each reporting period the committee members update their assessment of the fair value of land, taking into account the most recent valuations and movements in the market.

An independent valuation of freehold land situated at 4a Lyons Street, Strathfield NSW 2135 was undertaken by LMW valuers on the 8th of November 2019, resulting in a fair value adjustment of \$9,407,543 being recognised as other comprehensive income in the 2019 financial year. The Directors have not identified any indicators of impairment during the 2021 financial year, with the key assumptions adopted by the Independent Valuer indicative of conditions that existed at financial year end 30 September 2021.

Key assumptions applied by the Independent Valuer to determine the highest and best use of the Club's land included market evidence of recent sales and current zoning restrictions.

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

2 Revenue and Other Income

	2021	2020
	\$	\$
Revenue from continuing operations attributable to operating activities:		
- Membership and subscriptions	132,354	139,434
- Bar sales	1,238,306	1,338,205
- Poker machine clearance (net of payouts)	2,984,342	2,838,145
- Rental revenue	105,990	101,982
- Golden Goal revenue	341,339	352,877
- Other sales revenue	241,213	257,584
	<u>5,043,544</u>	<u>5,028,227</u>
Other income		
- Insurance recoveries	166,700	-
- Government grants	30,114	15,250
- JobKeeper subsidy	81,255	250,500
- Interest received	5,929	870
	<u>283,998</u>	<u>266,620</u>
	<u>5,327,542</u>	<u>5,294,847</u>

3 Other operating expenses

The result for the year includes the following specific expenses:

Depreciation & impairment:

Depreciation of buildings	305,360	300,397
Depreciation of plant and equipment	462,065	472,902
Impairment of intangibles - Golden Goal	120,000	120,000
Depreciation of right-of-use asset	67,535	67,535
	<u>954,960</u>	<u>960,834</u>

Borrowing costs:

Interest on loan	165,588	169,522
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Employee benefits expense:

Salary and employee benefit expense	1,006,651	1,059,823
Contributed superannuation	84,758	84,161
Other employment costs	32,994	34,969
	<u>1,124,403</u>	<u>1,178,953</u>

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

	2021	2020
	\$	\$
Other operating expenses:		
Accounting and auditing	52,460	38,600
Advertising and promotions	32,788	35,100
Bank fees and charges	65,344	68,907
Cleaning and rubbish removal	28,552	23,686
Computer expenses and Internet expenses	21,255	9,520
Consulting expense and legal	13,372	22,811
Donations and community support program	138,721	150,109
Discounts allowed	3,509	-
Lease interest expense	9,751	13,241
Event and function expenses	4,847	3,976
Fines	1,600	1,600
General and administration	19,653	24,823
Hire/rent of plant and equipment	24,286	11,307
Insurances	62,386	67,845
Keno and TAB expenses	4,600	4,226
Materials and supplies	150,606	137,015
Light, power and rates	104,911	156,228
Other administration charges	200,037	179,132
Poker machine tax	487,844	489,764
Registration and subscriptions	11,570	6,067
Repairs and maintenance	344,516	199,797
Security	214,627	160,298
Subscriptions	163,449	143,476
Telephone and internet	14,852	13,993
Asset write offs	5,932	-
Loss on asset disposals	80,360	52,944
	2,261,828	2,014,465

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Notes to the Financial Statements

For the Year Ended 30 September 2021

4 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	7,900	156,323
Cash at bank	2,191,160	1,502,574
	<u>2,199,060</u>	<u>1,658,897</u>

5 Trade and other receivables

CURRENT		
Trade receivables	<u>31,084</u>	65,269

6 Inventories

CURRENT		
Stock on hand, at cost	<u>30,972</u>	39,353

7 Other Assets

CURRENT		
Prepayments	<u>103,015</u>	83,993

8 Property, plant and equipment

LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>30,000,000</u>	30,000,000
Buildings		
At cost	10,532,378	10,309,380
Less accumulated depreciation	<u>(874,546)</u>	(580,061)
	<u>9,657,832</u>	9,729,319
Future capital improvements		
At cost	<u>193,068</u>	237,212
Plant and equipment		
At cost	2,514,672	2,342,075
Accumulated depreciation	<u>(1,357,200)</u>	(1,043,771)
	<u>1,157,472</u>	1,298,304
	<u>41,008,372</u>	<u>41,264,835</u>

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

8 Property, plant and equipment (cont'd)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Future Capital Improvements	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 September 2021					
Balance at the beginning of year	30,000,000	9,729,319	237,212	1,298,304	41,264,835
Additions	-	89,505	167,532	337,599	594,636
Disposals - written down value	-	(23,245)	-	(60,429)	(83,674)
Transfers	-	167,613	(211,676)	44,063	-
Depreciation	-	(305,360)	-	(462,065)	(767,425)
Balance at the end of the year	30,000,000	9,657,832	193,068	1,157,472	41,008,372

Future capital improvements

Future capital improvements relate to expenditure incurred in relation to the ongoing development of the Club premises.

The value of future capital improvements were recognised at cost and transferred to buildings on completion of the development.

Independent valuation of land

An independent valuation of freehold land situated at 4a Lyon Street, Strathfield NSW 2135 was undertaken on the 8th of November 2019, resulting in a fair value adjustment of \$9,407,543 being recognised as other comprehensive income. The independent valuation was carried out by LMW valuers and based on market evidence and current zoning restrictions to determine the highest and best use of the Club's land.

The Directors have reviewed the assumptions adopted in the 2019 independent valuations, with consideration for the impact of COVID-19 on local property prices and believe the carrying value of land correctly reflects the fair value at 30 September 2021.

9 Intangible Assets

		2021	2020
		\$	\$
Goodwill			
At cost	(a)	600,000	600,000
Accumulated impairment		(480,000)	(360,000)
		<u>120,000</u>	<u>240,000</u>
Poker machine entitlements			
At cost		702,611	639,050
		<u>822,611</u>	<u>879,050</u>

(a) Goodwill

On the 26th of October 2016, the Club purchased the "Golden Goal" business for \$750,000. The Club also entered into a licence agreement with Golden Goal Pty Limited on 31 October 2016 for the use of the brand and operating systems at the Club for a term of 5 years. Identifiable assets included in the purchase price were valued at \$150,000 with a remaining \$600,000 classified as goodwill.

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

10 Trade and other payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	368,033	300,242
Payroll accrual	43,315	30,304
GST (receivable) / payable	(18,617)	101,274
	<u>392,731</u>	<u>431,820</u>

11 Borrowings

CURRENT		
Secured liabilities:		
Lease Liability	<u>69,642</u>	66,899
NON-CURRENT		
Secured liabilities:		
Lease liability	92,468	145,048
Bank loans	<u>3,500,000</u>	<u>3,500,000</u>
Total non-current borrowings	<u>3,592,468</u>	<u>3,645,048</u>

(a) Bank loans

Bank loans consist of commercial bill (\$3,500,000) held with St George Bank. The loan is payable at a variable rate of interest and is secured by a registered mortgage over the land and buildings of the Club.

The \$3,500,000 commercial bill matures in June 2023.

12 Provisions

CURRENT		
Provision for employee benefits	<u>126,058</u>	103,473

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 October 2020	76,951	26,522	103,473
Net movement in provisions and amounts used	<u>20,536</u>	<u>2,049</u>	<u>22,585</u>
Balance at 30 September 2021	<u>97,487</u>	<u>28,571</u>	<u>126,058</u>

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

13 Other liabilities

	2021	2020
	\$	\$
CURRENT		
Advance payments - members subscriptions	26,605	83,364
Advance payments - GST rebates	3,342	2,940
Rental Bond	12,710	9,290
	<u>42,657</u>	<u>95,594</u>

14 Reserves

Asset revaluation reserve - land and buildings	(a) 30,150,000	30,150,000
Capital profits reserve	152,689	152,689
Total reserves	<u>30,302,689</u>	<u>30,302,689</u>

(a) Asset revaluation reserve

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

15 Financial Risk Management

The main risks Strathfield Recreation Club Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, accounts receivable and payable, overdrafts and other loans.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Held at amortised cost

Cash and cash equivalents	2,199,060	1,658,897
Trade and other receivables	31,084	65,269

Total financial assets

<u>2,230,144</u>	<u>1,724,166</u>
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Financial Liabilities

Held at amortised cost

Trade and other payables	392,731	431,820
Borrowings	3,662,110	3,711,947
Other liabilities	42,657	95,594

Total financial liabilities

<u>4,097,498</u>	<u>4,239,361</u>
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16 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club was \$176,562 (2020: \$184,597).

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2021

17 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

18 Events Occurring After the Reporting Date

An agreement was reached with St George bank in November 2021 to repay \$1million off the loan and renegotiation of a lower variable rate on the balance.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

19 Contingencies

No contingent liabilities or assets are held at 30 September 2021.

20 Company Details

The registered office of and principal place of business of the Club is:

Strathfield Recreation Club Limited
4a Lyons Street
Strathfield NSW 2135

Strathfield Recreation Club Limited

ABN: 67 000 001 178

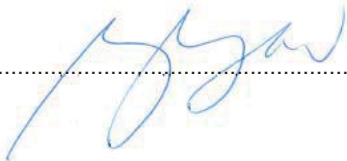
Directors' Declaration

The Directors of the Club declare that:

1. The financial statements and notes, as set out on pages 5 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 September 2021 and of the performance for the year ended on that date of the Club.
2. In the Directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Director



Dated

13/1/22

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRATHFIELD RECREATION CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strathfield Recreation Club Limited (the Club), which comprises the statement of financial position as at 30 September 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) Giving a true and fair view of the company's financial position as at 30 September 2021, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Reduced Disclosure Requirements and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 (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.

Other Information

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 September 2021, but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

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 – Reduced Disclosure Requirements and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

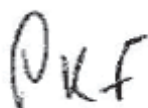
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



KYM REILLY
PARTNER

13 JANUARY 2022
SYDNEY, NSW