

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2022

Strathfield Recreation Club Limited

ABN: 67 000 001 178

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Strathfield Recreation Club Limited

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Directors' Report 30 September 2022

The directors present their report on Strathfield Recreation Club Limited (the Club) for the financial year ended 30 September 2022.

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 activity occurred during the financial year:

- to complete the conversion of grass tennis courts to synthetic surfaces
- to complete the construction of additional member parking spaces
- to implement new minimum Tennis NSW coaching standards to be met by all coaches operating at the club; and
- to manage the club through Covid recovery stage and to support members and staff during that unique period.
- the repayment of further \$2 million off the loan
- the preparation, submission and successful attainment of a \$120,000 government grant for new courts.
- the staff and director training and compliance initiatives
- improve the standard of tennis and encourage greater participation in social and competitive tennis.
- Brief consultants and ready masterplan documents for development application approval.

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:

- Complete and submit development application for expansion and improvement of futsal tennis and parking facilities.;
- Maintain the club's financial success and set aside funds to pay off our bank loan;
- Initiate a financial plan to accumulate funds to progress future development.

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Directors' Report 30 September 2022

Short term objectives (cont'd)

- Increase tennis memberships and improve the standard and participation rate of tennis membership.
- Maximise use of the extended upstairs space and generally maintain facilities and service levels needed to ensure recreational enjoyment of all members.
- Strengthen the involvement and bonding of members with club activities and sports.
- Set a course to accumulate funds to progress construction of the next stage development.
- Continue to diversify membership and Club services.

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;
- Further develop and detail 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 to improve the standard of tennis at the Club..

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 trailing co-hosted sanctioned tennis events;
- Execute new 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.
- Continue to improve communication with between administration, the Board of directors and members.

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Directors' Report

30 September 2022

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 Practicing Accountant, Fellow member of Chartered Secretaries, Managers and Administrators

TAMANG, Mrigesh

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

JAMES-BLAND, Rod

Qualifications Dip 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 member 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 2022 the collective liability of members was \$87,456 (2021: \$ 88,896).

Future developments and results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

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Directors' Report

30 September 2022

Meetings of directors


During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
KING, Graham	12	8
BOW, Robert	12	10
HART, Daryl	12	11
PADD, Mark	12	12
KELLY, Christopher	12	9
TAMANG, Mrigesh	12	8
JAMES-BLAND, Rod	12	10

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 2022 has been received and can be found on page 5 of the financial report.

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

Director: 
DARYL HART

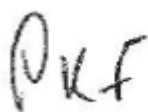
Director: 
C.H. Kelly (Dec 22, 2022 15:25 GMT+11)

Dated 22/12/22

Auditor's 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 2022,
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

22 DECEMBER 2022
SYDNEY, NSW

Strathfield Recreation Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue from ordinary activities	4	7,389,534	5,321,613
Finance income	5	2,930	5,929
Expenses			
Raw materials and consumables used		(951,162)	(565,303)
Employee benefits expense:		(1,587,317)	(1,124,403)
Depreciation, amortisation and impairment		(983,001)	(954,960)
Other operating expenses		(2,554,253)	(2,252,076)
Finance costs	5	(65,763)	(175,340)
Profit before income tax		1,250,968	255,460
Income tax expense	2(j)	-	-
Profit for the year		1,250,968	255,460
Other comprehensive income		-	-
Total comprehensive income for the year		1,250,968	255,460

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 September 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,041,120	2,199,060
Trade and other receivables	8	75,388	31,084
Inventories	9	85,388	30,972
Other assets	10	106,916	103,015
TOTAL CURRENT ASSETS		<u>1,308,812</u>	<u>2,364,131</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	41,552,899	41,008,372
Intangible assets	12	729,050	822,611
Right of use asset	13	197,293	135,071
TOTAL NON-CURRENT ASSETS		<u>42,479,242</u>	<u>41,966,054</u>
TOTAL ASSETS		<u>43,788,054</u>	<u>44,330,185</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	434,299	392,731
Lease liability	13	73,476	69,642
Borrowings	15	1,500,000	-
Employee benefits	16	157,741	126,058
Other liabilities	17	108,122	42,657
TOTAL CURRENT LIABILITIES		<u>2,273,638</u>	<u>631,088</u>
NON-CURRENT LIABILITIES			
Borrowings	15	-	3,500,000
Lease liability	13	156,819	92,468
TOTAL NON-CURRENT LIABILITIES		<u>156,819</u>	<u>3,592,468</u>
TOTAL LIABILITIES		<u>2,430,457</u>	<u>4,223,556</u>
NET ASSETS		<u>41,357,597</u>	<u>40,106,629</u>
EQUITY			
Reserves	18	30,302,689	30,302,689
Retained earnings		11,054,908	9,803,940
TOTAL EQUITY		<u>41,357,597</u>	<u>40,106,629</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 September 2022

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 October 2021	9,803,940	30,302,689	40,106,629
Profit for the year	1,250,968	-	1,250,968
Balance at 30 September 2022	11,054,908	30,302,689	41,357,597
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

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 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	7,549,115	5,502,064
Payments to suppliers and employees	(5,330,013)	(4,225,300)
Grants and subsidies received	132,524	81,255
Interest received	2,930	5,929
Finance costs	(65,763)	(165,588)
Net cash provided by operating activities	<u>2,288,793</u>	<u>1,198,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(457,895)	(400,665)
Capitalised expenditure for redevelopment	(885,749)	(167,532)
Acquisition of intangible assets	(26,439)	(90,000)
Net cash used in investing activities	<u>(1,370,083)</u>	<u>(658,197)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(2,000,000)	-
Payment of lease liabilities	(76,650)	-
Net cash used in financing activities	<u>(2,076,650)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents held	(1,157,940)	540,163
Cash and cash equivalents at beginning of year	<u>2,199,060</u>	<u>1,658,897</u>
Cash and cash equivalents at end of financial year	7 <u>1,041,120</u>	<u>2,199,060</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 September 2022

The financial report covers Strathfield Recreation Club Limited as an individual entity. Strathfield Recreation Club Limited is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Strathfield Recreation Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on .

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) 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.

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Notes to the Financial Statements

For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(a) 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 where there is reasonable certainty that the grant will be received and all grant conditions will be 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).

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Notes to the Financial Statements For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(b) Inventories

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

(c) 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.

(d) 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 2022

2 Summary of Significant Accounting Policies (cont'd)

(d) 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

(e) Financial instruments

Financial instruments are recognised initially on the date that the Club becomes 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Club classifies its financial assets into the following categories, those measured at:

- 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.

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Notes to the Financial Statements

For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial assets (cont'd)

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

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 assets has increased significant 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 comprise trade and other payables, which are measured at amortised cost using the effective interest rate method.

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Notes to the Financial Statements

For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(f) 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.

(g) Employee benefits

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 wholly 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 one year 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.

(h) 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.

(i) 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.

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Notes to the Financial Statements

For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(j) Income Tax

The Club is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(k) 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.

(l) Leases

At inception of a contract, the Club assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Club has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Club has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Notes to the Financial Statements

For the Year Ended 30 September 2022

2 Summary of Significant Accounting Policies (cont'd)

(l) Leases (cont'd)

Exceptions to lease accounting

The Club has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) New Accounting Standards and Interpretations adopted in the current period

The Club has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These standards and Interpretations did not have any material impact on these financial statements.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

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

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

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

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Notes to the Financial Statements

For the Year Ended 30 September 2022

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

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.

Key estimates- Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 September 2022, 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 2022 financial year, with the key assumptions adopted by the Independent Valuer indicative of conditions that existed at financial year end 30 September 2022.

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 2022

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
- Membership and subscriptions	136,441	132,354
- Bar sales	1,535,834	1,238,306
- Poker machine clearance (net of payouts)	4,547,572	2,984,342
- Rental revenue	117,733	105,990
- Golden Goal revenue	486,927	341,339
- Other sales revenue	432,503	241,213
	<u>7,257,010</u>	<u>5,043,544</u>
Other income		
- Insurance recoveries	-	166,700
- Government grants	116,273	30,114
- JobKeeper subsidy	16,251	81,255
	<u>132,524</u>	<u>278,069</u>
	<u>7,389,534</u>	<u>5,321,613</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into revenue earned at a point in time and revenue earned over time.

Timing of revenue recognition

- At a point in time	6,919,797	4,706,922
- Over time	337,213	336,622
	<u>7,257,010</u>	<u>5,043,544</u>

5 Finance Income and Expenses

Finance income

Interest received	<u>2,930</u>	5,929
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Finance expenses

Interest paid	<u>65,763</u>	175,340
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Strathfield Recreation Club Limited

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Notes to the Financial Statements For the Year Ended 30 September 2022

6 Other operating expenses

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Cost of sales	<u>951,162</u>	565,303
Depreciation & impairment		
Depreciation on buildings	307,472	305,360
Depreciation on plant and equipment	420,039	462,065
Impairment of intangibles - Golden Goal	120,000	120,000
Depreciation of right-of-use asset	<u>135,490</u>	67,535
	<u>983,001</u>	954,960
Employee benefits expense:		
- Salary and employee benefit expense	1,418,845	1,006,651
- Contributed superannuation	129,349	84,758
- Other employment costs	<u>39,123</u>	32,994
	<u>1,587,317</u>	1,124,403
7 Cash and Cash Equivalents		
Cash on hand	218,636	7,900
Cash at bank	<u>822,484</u>	2,191,160
	<u>1,041,120</u>	2,199,060
8 Trade and Other Receivables		
CURRENT		
Trade receivables	<u>75,388</u>	31,084
9 Inventories		
CURRENT		
At cost:		
Inventories	<u>85,388</u>	30,972
10 Other assets		
CURRENT		
Prepayments	<u>106,916</u>	103,015

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Notes to the Financial Statements For the Year Ended 30 September 2022

11 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>30,000,000</u>	30,000,000
Buildings		
At cost	10,397,450	10,532,378
Less accumulated depreciation	<u>(1,060,145)</u>	<u>(874,546)</u>
	<u>9,337,305</u>	9,657,832
Future capital improvements		
At cost	<u>1,138,158</u>	193,068
Plant and equipment		
At cost	2,686,624	2,514,672
Accumulated depreciation	<u>(1,609,188)</u>	<u>(1,357,200)</u>
	<u>1,077,436</u>	1,157,472
	<u>41,552,899</u>	<u>41,008,372</u>

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:

	Future Capital Improvements	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 September 2022					
Balance at the beginning of year	193,068	30,000,000	9,657,832	1,157,472	41,008,372
Additions	945,090	-	60,224	401,227	1,406,541
Disposals/write off	-	-	(75,203)	(51,731)	(126,934)
Depreciation	-	-	(305,548)	(429,532)	(735,080)
Balance at the end of the year	<u>1,138,158</u>	<u>30,000,000</u>	<u>9,337,305</u>	<u>1,077,436</u>	<u>41,552,899</u>

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 in other comprehensive income. The independent valuation was carried out by LMW valuers and based on market evidence and current

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Notes to the Financial Statements For the Year Ended 30 September 2022

11 Property, plant and equipment (cont'd)

Movements in Carrying Amounts (cont'd)

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 2022.

12 Intangible Assets

	2022	2021
	\$	\$
Goodwill		
At cost	600,000	600,000
Accumulated impairment	(600,000)	(480,000)
	<u>-</u>	<u>120,000</u>
Poker machine entitlements	<u>729,050</u>	702,611
Total Intangible assets	<u><u>729,050</u></u>	<u><u>822,611</u></u>

(a) Movements in carrying amounts of intangible assets

	Goodwill	Poker machine entitlements	Total
	\$	\$	\$
Year ended 30 September 2022			
Balance at the beginning of the year	120,000	702,611	822,611
Additions	-	26,439	26,439
Amortisation	(120,000)	-	(120,000)
Closing value at 30 September 2022	<u>-</u>	<u>729,050</u>	<u>729,050</u>

(b) 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.

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Notes to the Financial Statements For the Year Ended 30 September 2022

13 Leases

Right-of-use assets

	Plant and Machinery \$	Total \$
Year ended 30 September 2022		
Balance at the beginning of the year	135,071	135,071
Depreciation charge	(131,121)	(131,121)
Additions	79,143	79,143
Transfers	118,569	118,569
Balance at end of year	201,662	201,662

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2022					
Lease liabilities	19,302	118,526	-	137,828	230,295

14 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Trade payables	300,841	368,033
Payroll accrual	31,550	43,315
GST payable/(receivable)	101,908	(18,617)
	434,299	392,731

15 Borrowings

CURRENT		
Secured liabilities:		
Bank loans	1,500,000	-
NON-CURRENT		
Secured liabilities:		
Bank loans	-	3,500,000

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Notes to the Financial Statements For the Year Ended 30 September 2022

15 Borrowings (cont'd)

Summary of borrowings

Bank loans consist of commercial bill 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 \$1,500,000 commercial bill matured in October 2022.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.

16 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for employee benefits	<u>157,741</u>	<u>126,058</u>

17 Other Liabilities

	2022	2021
CURRENT		
Advance payments - members subscriptions	84,032	26,605
Advance payments - GST rebates	10,700	3,342
Rental Bond	<u>13,390</u>	<u>12,710</u>
	<u><u>108,122</u></u>	<u><u>42,657</u></u>

18 Reserves

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

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

Strathfield Recreation Club Limited

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Notes to the Financial Statements For the Year Ended 30 September 2022

19 Financial Risk Management

	2022	2021
	\$	\$
Financial assets		
Held at amortised cost		
Cash and cash equivalents	1,041,120	2,199,060
Trade and other receivables	75,388	31,084
Total financial assets	1,116,508	2,230,144
Financial liabilities		
Trade and other payables	434,299	392,731
Bank loans	1,500,000	3,500,000
Other liabilities	108,122	42,657
Finance lease obligations	230,295	162,110
Total financial liabilities	2,272,716	4,097,498

20 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$6 each towards meeting any outstanding obligations of the Club. At 30 September 2022 the number of members was 14,576 (2021: 14,816).

21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Club is \$ 192,684 (2021: \$ 176,562).

22 Auditors' Remuneration

Remuneration of the auditor, PKF for:

- auditing or reviewing the financial statements	21,400	20,300
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23 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2022 (30 September 2021: None).

24 Related Parties

(a) The Club's main related parties are as follows:

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with 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.

Strathfield Recreation Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2022

25 Events after the end of the Reporting Period

The financial report was authorised for issue on 22 December 2022 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

26 Statutory Information

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

Strathfield Recreation Club Limited
4a Lyons Street
Strathfield NSW 2135

Strathfield Recreation Club Limited

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Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 September 2022 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

DARYL HART

Dated 22/12/22.

Director
C.H Kelly (Dec 22, 2022 15:25 GMT+11)

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 Company), which comprises the statement of financial position as at 30 September 2022, 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 2022, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Simplified 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 2022, 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 – Simplified 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:

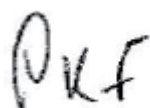
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

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

- 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

22 DECEMBER 2022
SYDNEY, NSW