



CITYCLUB GROUP
SYDNEY & STOCKTON

**City of Sydney RSL & Community
Club Limited**

ACN 112 501 087

**Annual Financial Report
for the year ended 31 December 2021**

City of Sydney RSL & Community Club Limited ACN 112 501 087

Annual financial report for the year ended 31 December 2021

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These financial statements are the financial statements of City of Sydney RSL & Community Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 31 March 2022. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on City of Sydney RSL & Community Club Limited (the Club) for the year ended 31 December 2021.

Directors details

The following persons were Directors of City of Sydney RSL & Community Club Limited during the financial year, and up to the date of this report:

William Hayes-Williams

President

Director since 2009

Retired - Chartered Accountant FCA MBA. Completed Mandatory Director Training. Served 9 years as President.

Francis Mulligan

Vice president

Director since 2010

Retired - Senior Customs Officer. Completed Mandatory Director Training. Served 6 years as Vice President.

George Fisher

Director

Director since 2012

Retired - Completed Mandatory Director Training.

Paul Biscoe, OAM

Director

Director since 2014

Retired - Police Officer. Completed Mandatory Director Training.

Mervyn Crutchley

Director

Director since 2014

Retired - Senior Government Business Manager, Bachelor of Business. Completed Mandatory Director Training.

Michael Segreto

Director

Director since 2019

Retired - Company Director and CEO in Club Industry, Lessee and Publican of Hotels, Owner and Manager of Licenced Bottleshop.

David Carlson

Director

Director since 2020

Sports and News Reporter

Company secretary

The Company Secretary is Mr Dennis O'Dwyer. Mr O'Dwyer has been Chief Executive Officer of the Club since January 2008 and was appointed to the position of Company Secretary at that date. Prior to this, Mr O'Dwyer has held the position of Chief Executive Officer in other registered clubs.

Director's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
William Hayes-Williams	16	15
Francis Mulligan	16	16
George Fisher	16	9
Paul Biscoe, OAM	16	16
Mervyn Crutchley	16	16
Michael Segreto	16	12
David Carlson	16	14

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 31 December 2021, the following land and buildings are considered to be core and non-core property:

Core

- Basement, Levels 1,2 & 3, 565 George Street, Sydney NSW
- 29-35 Douglas Street, Stockton NSW
- 38-40 Douglas Street, Stockton NSW

Non-Core

- Levels 4 & 5, 565 George Street, Sydney NSW
- Unit 45, 53 Walker Street, North Sydney NSW
- 37 Douglas Street, Stockton NSW

Principal activities

During the year, the principal activities of the Club was running the Club in accordance with its objectives for the benefit of its members.

There have been no significant changes in the nature of these activities during the year.

Short-term & long-term objectives

The Club's short-term and long-term objectives are to provide the best facilities available to members and their guests with a special interest in recognising the returned services league.

Strategy for achieving short and long-term objectives

To achieve its short and long-term objectives, the Club has adopted the strategy of maintaining or increasing existing revenue levels and controlling costs to operate profitably. This will allow the Club's premises to be continually improved.

Review of operations and financial results

The Club has been materially impacted as a result of the spread of COVID-19 and in particular the restrictions imposed by the Federal and State Governments around Club operations which saw trading operations cease for three months at the 2 licensed Clubs in Sydney and Stockton during the year with restricted trading after re-opening in October 2021. This has impacted the Club operations, with a reduction in revenue from operations of \$1,162,152 when compared to last year. The reduction in revenue was offset by reduced expenditure of \$813,365 driven by the reduction in activity along with cost saving measures implemented by the Club in response to the uncertainty as to when operations would return to full capacity. The reduced revenue from normal operations was also offset by Government stimulus programs which provided \$246,636 in revenue.

The operating profit/loss of the Club for the financial year after providing for income tax is set out below:

	2021	2020
	\$	\$
Revenue	7,068,216	8,298,318
Expenses	(8,009,483)	(8,890,798)
Net Profit before income tax	(941,267)	(592,480)
Income tax	-	-
Net profit after income tax	(941,267)	(592,480)

The Club has continued to generate strong positive operating cashflows during this challenging time with the clubs liquidity also remaining strong with \$3,612,159 held in cash or term deposits representing 92% of total current assets.

Net cash inflow from operating activities	1,343,409	2,210,869
Cash and term deposits	3,612,159	3,469,634
Liquidity ratio (Current Assets/Current Liabilities)	1.8	2.3

Performance measurement

The Club measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Events since the end of the financial year

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.

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Club. At 31 December 2021 the total amount that members of the Club are liable to contribute if the Club is wound up is \$3,863 (2020: \$4,221).

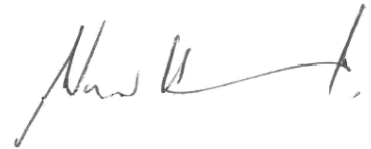
Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of this Directors' report.

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



William Hayes-Williams - President



Francis Mulligan - Vice President

Dated: 31 March 2022
Sydney

Auditor's independence declaration

To the Directors of City of Sydney RSL & Community Club Limited

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of City of Sydney RSL & Community Club Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 31 March 2022
Newcastle

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Revenue from continuing operations	2	6,472,429	7,429,413
Other income	3	595,787	868,905
Bar cost of goods sold		(273,641)	(293,379)
Bar direct expenses		(346,252)	(409,708)
Coffee shop direct expenses		(526)	(2,068)
Gaming direct expenses		(2,647,761)	(2,999,344)
Rental expenses		(152,792)	(116,788)
Raffle & bingo expenses		(91,111)	(83,248)
Functions direct expenses		(423)	(5,004)
Administration expenses		(2,498,273)	(2,623,088)
Clubhouse expenses		(1,772,536)	(2,125,392)
Member amenities expenses		(226,168)	(175,166)
Catering direct expenses		-	(57,613)
		(8,009,483)	(8,890,798)
Profit / (loss) before income tax		(941,267)	(592,480)
Income tax expense	4	-	-
Profit / (loss) for the year		(941,267)	(592,480)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(941,267)	(592,480)

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

Statement of financial position

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,428,039	1,895,962
Trade receivables	6	28,000	64,642
Inventories	7	44,223	48,964
Financial assets at amortised cost	8	2,191,618	1,630,437
Financial assets at fair value through profit and loss	9	37,865	660,695
Other assets	10	175,933	190,906
Total current assets		3,905,678	4,491,606
Non-current assets			
Property, plant and equipment	11	10,517,828	10,433,306
Investment properties	12	1,564,089	1,622,437
Intangible assets	13	797,500	797,500
Right-of-use asset	14 (a)	496,791	741,606
Total non-current assets		13,376,208	13,594,849
Total assets		17,281,886	18,086,455
LIABILITIES			
Current liabilities			
Trade and other payables	15	967,670	890,274
Provisions	16	864,876	830,672
Other liabilities	17	43,386	47,681
Lease liabilities	14 (b)	268,161	215,538
Total current liabilities		2,144,093	1,984,165
Non-current liabilities			
Provisions	16	23,851	23,347
Other liabilities	17	11,858	11,600
Lease liabilities	14 (b)	227,560	251,552
Total non-current liabilities		263,269	286,499
Total liabilities		2,407,362	2,270,664
Net assets		14,874,524	15,815,791
MEMBERS FUNDS			
Retained profits		14,874,524	15,815,791
Total members funds		14,874,524	15,815,791

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

Statement of changes in equity

For the year ended 31 December 2021

	Retained Profits \$	Total \$
Balance at 1 January 2020	16,408,271	16,408,271
Profit for the year	(592,480)	(592,480)
Total comprehensive income for the year	(592,480)	(592,480)
Balance at 31 December 2020	15,815,791	15,815,791
Profit for the year	(941,267)	(941,267)
Total comprehensive income for the year	(941,267)	(941,267)
Balance at 31 December 2021	14,874,524	14,874,524

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

Statement of cash flows

For the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from members and customers		7,398,352	8,330,521
Government stimulus received		246,636	670,000
Payments to suppliers and employees		(6,326,476)	(6,826,682)
Interest received		10,547	14,670
Tax (paid)/refunded		-	4,379
Dividends received		14,350	17,981
Net cash inflow (outflow) from operating activities		1,343,409	2,210,869
Cash flows from investing activities			
Payments for property, plant and equipment		(1,773,569)	(712,720)
Proceeds from sale of property, plant and equipment		20,000	22,000
Dividends reinvested		-	(15,640)
Transfer from / (to) interest bearing deposit		(610,448)	(433,933)
Purchases of listed shares		(35,117)	-
Proceeds from sale of shares		802,243	-
Net cash inflow (outflow) from investing activities		(1,596,891)	(1,140,293)
Cash flows from financing activities			
Repayment of lease liabilities		(214,441)	(153,926)
Net cash inflow (outflow) from financing activities		(214,441)	(153,926)
Net increase in cash and cash equivalents		(467,923)	916,650
Cash and cash equivalents at the beginning of the financial year		1,895,962	979,312
Cash and cash equivalents at the end of the financial year		1,428,039	1,895,962

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

Notes to the financial statements

For the year ended 31 December 2021

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. City of Sydney RSL & Community Club Limited (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs, except for listed shares which have been measured at fair value. The financial report is presented in Australian Dollars.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) being AASB 1053 – Application of Ties of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(d) Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 31 December 2021

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following goods and services:

	Food and beverage revenue \$	Gaming revenue \$	Membership revenue \$	Raffle and bingo revenue \$	Rental revenue \$	Other revenue \$	Total \$
2021							
Revenue from contracts with customers	679,234	5,402,772	12,270	78,650	-	40,273	6,213,199
Other revenue (not covered by AASB15)	-	34,360	-	-	209,226	15,644	259,230
	<u>679,234</u>	<u>5,437,132</u>	<u>12,270</u>	<u>78,650</u>	<u>209,226</u>	<u>55,917</u>	<u>6,472,429</u>

Timing of revenue recognition

At a point in time	679,234	5,402,772	-	78,650	-	55,917	6,216,573
Over time	-	34,360	12,270	-	209,226	-	255,856
	<u>679,234</u>	<u>5,437,132</u>	<u>12,270</u>	<u>78,650</u>	<u>209,226</u>	<u>55,917</u>	<u>6,472,429</u>

	Food and beverage revenue \$	Gaming revenue \$	Membership revenue \$	Raffle and bingo revenue \$	Rental revenue \$	Other revenue \$	Total \$
2020							
Revenue from contracts with customers	773,699	6,186,092	15,999	83,178	-	98,303	7,157,271
Other revenue (not covered by AASB15)	-	34,360	-	-	221,328	16,454	272,142
	<u>773,699</u>	<u>6,220,452</u>	<u>15,999</u>	<u>83,178</u>	<u>221,328</u>	<u>114,757</u>	<u>7,429,413</u>

Timing of revenue recognition

At a point in time	773,699	6,186,092	-	83,178	-	114,757	7,157,276
Over time	-	34,360	15,999	-	221,328	-	271,687
	<u>773,699</u>	<u>6,220,452</u>	<u>15,999</u>	<u>83,178</u>	<u>221,328</u>	<u>114,757</u>	<u>7,429,413</u>

(b) Accounting policies and significant judgements

The Club recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Club is or expects to be entitled in exchange for those goods or services.

The Club considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Food and beverage revenue

Revenue from the sale of food and beverages is recognised at a point in time when the physical control of the goods passes to the customer.

Notes to the financial statements

For the year ended 31 December 2021

(b) Accounting policies and significant judgements (continued)

(ii) *Gaming revenue*

Revenue from rendering services from gaming facilities to members and other patrons of the club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission income where the Club acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed

(iii) *Membership revenue*

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of the membership that the member has paid for.

Fee receipts for periods beyond the current financial year are shown in the Statement of Financial Position under the heading of Current Liabilities as contract liabilities - Membership Income.

(iv) *Raffle and bingo revenue*

Raffle and bingo revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

(v) *Rental revenue*

Rental revenue in relation to club land and buildings is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(vi) *Other revenue*

The Club recognises other income at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2021	2020
	\$	\$
(a) Other income		
Profit on sale of property, plant and equipment	7,286	-
Interest received / receivable	10,547	14,670
Rental income	181,215	166,254
Fair value gain on investment	135,753	
Dividends received	14,350	17,981
Government stimulus payments	246,636	670,000
	<u>595,787</u>	<u>868,905</u>

(i) *Profit on sale of property, plant and equipment*

The Club recognised gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Rental income - investment property*

Rental income in relation to investment properties is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental income on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(iv) *Fair value gain on investment*

The Club recognises the change in fair value of equity instruments through profit and loss.

(v) *Dividends received*

Dividends received on equity investments are recognised in profit or loss and represent amounts attributable and received by the Company.

(vi) *Government stimulus payments*

The Club recognises stimulus funding from the Australian Taxation Office when it is considered to be receivable.

Notes to the financial statements

For the year ended 31 December 2021

3 Other income and expense items	2021	2020
	\$	\$
(b) Other expenses		
Employee benefits expense	2,081,519	2,416,018
Loss on disposal of assets	472,691	381,446
Depreciation and amortisation expense	1,964,125	2,032,572

4 Income tax expense**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

The Income Tax Assessment Act 1936 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:

Operating profit/(loss) before income tax	(941,267)	(592,480)
Tax at the Australian tax rate at 25% (2020: 27.5%)	(235,317)	(162,932)
Non deductible expenses	8,900	11,168
Apportionment adjustment members income and expenses	185,025	170,283
Recoupment of tax losses	-	(16,457)
Recoupment of capital losses	(21,407)	-
Timing difference not brought to account	(155,850)	(2,062)
Deferred tax asset for tax losses not brought to account	218,649	-
Income tax expense	<u>-</u>	<u>-</u>

(b) The Directors estimate that the potential deferred tax asset as at 31 December 2020 not brought to account is as follows:

Tax losses at 25%	<u>265,444</u>	26,045
	<u>265,444</u>	<u>26,045</u>

Accounting policy

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

5 Cash and cash equivalents**Current**

Cash and cash equivalents	1,428,039	1,895,962
	<u>1,428,039</u>	<u>1,895,962</u>

Accounting policy

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the financial statements

For the year ended 31 December 2021

6 Trade receivables

	2021	2020
	\$	\$
Current		
Trade receivables	28,000	64,642
	<u>28,000</u>	<u>64,642</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Club holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

7 Inventories

Current		
Stock on hand	44,223	48,964
	<u>44,223</u>	<u>48,964</u>

Accounting policy

Inventories are measured at the lower of cost and current replacement cost.

8 Financial assets at amortised cost

Current		
Term deposits	2,184,120	1,573,672
Other receivables	7,498	56,765
	<u>2,191,618</u>	<u>1,630,437</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

9 Financial assets at fair value through profit and loss

Current		
Listed shares	37,865	660,695
	<u>37,865</u>	<u>660,695</u>

Accounting policy

Equity instruments are measured at fair value with changes in fair value recognised through profit and loss. Dividends received on these investments are recognised in profit or loss unless the distribution clearly represents a recovery of part of the cost of the investment.

10 Other assets

Current		
Prepayments	131,569	150,318
Other assets	44,364	40,588
	<u>175,933</u>	<u>190,906</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 31 December 2021

11 Property, plant and equipment

	Land and building improvements	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 January 2020					
Cost	15,775,182	4,304,292	4,261,072	63,577	24,404,123
Accumulated depreciation	(7,706,193)	(2,903,391)	(3,361,233)	-	(13,970,817)
Net book amount	8,068,989	1,400,901	899,839	63,577	10,433,306
Year ended 31 December 2021					
Opening net book amount	8,068,989	1,400,901	899,839	63,577	10,433,306
Additions	-	134,796	281,824	1,558,483	1,975,103
Disposals	(449,528)	-	(19,328)	(3,835)	(472,691)
Transfer to/from WIP	802,986	597,339	151,230	(1,551,555)	-
Transfers from Right-of-use assets	-	-	191,937	-	191,937
Depreciation charge	(611,741)	(477,663)	(520,423)	-	(1,609,827)
Closing net book amount	7,810,706	1,655,373	985,079	66,670	10,517,828
At 31 December 2021					
Cost	13,856,895	4,781,226	4,308,237	66,670	23,013,028
Accumulated depreciation	(6,046,189)	(3,125,853)	(3,323,158)	-	(12,495,200)
Net book amount	7,810,706	1,655,373	985,079	66,670	10,517,828

Accounting policy**(a) Land and buildings improvements**

Freehold land and buildings are shown at cost less subsequent depreciation for buildings.

Freehold land and buildings that have been contributed at no cost, or for nominal costs, are valued and recognised at the fair value of the asset at the date it is acquired.

(b) Plant and equipment and poker machines

Plant and equipment and poker machines are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Land and buildings improvements	10 - 50 years
Plant & Equipment	3 - 11 years
Poker Machines	4 years

(d) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Club would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

Notes to the financial statements

For the year ended 31 December 2021

12 Investment properties

	2021	2020
	\$	\$
Non-current assets - at cost		
Opening balance at 1 January	1,622,437	1,680,784
Disposals	-	-
Depreciation	(58,348)	(58,347)
Closing balance at 31 December	<u>1,564,089</u>	<u>1,622,437</u>

Accounting policy

Investment properties are stated at cost less any accumulated depreciation and impairment. At balance date the North Sydney investment property was carried at \$1,129,089, and the Stockton investment property was carried at \$435,000. Based on appraisals performed by Global Valuation Services on 30 June 2021, the fair value of the North Sydney investment property was \$3,300,000, and the fair value of the Stockton Investment Property was \$700,000. Global Valuation Services is a valuation company who frequently assesses the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

13 Intangible assets

	Poker machine entitlements	Total
	\$	\$
Non-current assets		
As at 31 December 2020		
Cost	797,500	797,500
Accumulated amortisation	-	-
Net book amount	<u>797,500</u>	<u>797,500</u>
As at 31 December 2021		
Cost	797,500	797,500
Accumulated amortisation	-	-
Net book amount	<u>797,500</u>	<u>797,500</u>

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

The value shown for the Poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

Notes to the financial statements

For the year ended 31 December 2021

14 Leases

2021	2020
\$	\$

The Club leases several assets including poker machines.

a) Right-of-use asset**Non-current**

Right-of-use assets

496,791	741,606
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Reconciliation of right-of-use assets**2021**

At 1 January 2020

Additions

Transfers

Amortisation

31 December 2021

	Poker Machines	Total	Total
	\$	\$	\$
At 1 January 2020	741,606	741,606	566,519
Additions	243,072	243,072	368,657
Transfers	(191,937)	(191,937)	-
Amortisation	(295,950)	(295,950)	(193,570)
31 December 2021	496,791	496,791	741,606

b) Lease liabilities**Current**

Lease liabilities

268,161	268,161	215,538
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Non-current

Lease liabilities

227,560	227,560	251,552
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Total

495,721	495,721	467,090
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Reconciliation of lease liabilities**2021**

At 1 January 2020

Additions

Interest expense

Lease payments

Net movement during year**31 December 2021**

	Poker Machines	Total	Total
	\$	\$	\$
At 1 January 2020	467,090	467,090	239,800
Additions	243,072	243,072	381,216
Interest expense	-	-	-
Lease payments	(214,441)	(214,441)	(153,926)
Net movement during year	28,631	28,631	227,290
31 December 2021	495,721	495,721	467,090

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 31 December 2021

14 Leases (continued)

Lessor

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

15 Trade and other payables

	2021	2020
	\$	\$
Current		
Trade payables	664,446	466,925
Other payables and accruals	270,656	368,071
GST payable	32,568	55,278
	<u>967,670</u>	<u>890,274</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

16 Provisions

Current

Employee entitlements (i) & (ii)	732,014	681,169
Other provisions	132,862	149,503
Provision for tax	-	-
	<u>864,876</u>	<u>830,672</u>

Non-current

Employee entitlements (ii)	23,851	23,347
	<u>23,851</u>	<u>23,347</u>

Accounting policy

(i) Annual leave

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

City of Sydney RSL & Community Club Limited
Notes to the financial statements
For the year ended 31 December 2021

17 Other liabilities

	2021	2020
	\$	\$
Current		
Contract liabilities - membership income	10,361	10,192
Other liabilities	33,025	37,489
	<u>43,386</u>	<u>47,681</u>
Non-current		
Contract Liabilities - membership income	11,858	11,600
	<u>11,858</u>	<u>11,600</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

18 Commitments

(i) *Capital Commitments*

The Club has the following capital commitments at balance date:

Land and Building improvements	-	97,450
Poker Machines	-	98,340
	<u>-</u>	<u>195,790</u>

19 Contingent liabilities

(i) *Bank guarantee*

Bank guarantee substituting for a security deposit for TAB facilities	5,000	5,000
Bank guarantee substituting for a security deposit for Keno facilities	2,000	2,000

20 Related parties

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

(a) *Key management personnel compensation*

Total key management personnel benefits	<u>280,598</u>	<u>280,767</u>
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Notes to the financial statements

For the year ended 31 December 2021

21 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 11, 12, 13 and 14(a)) - The useful life of property, plant and equipment, investment properties, intangible assets and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 21 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 31 December 2021 and of its performance for the financial year ended on that date, and
- (b) 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 Directors.



William Hayes-Williams - President



Francis Mulligan - Vice President

Sydney
31 March 2022

Independent auditor's report to the members of City of Sydney RSL & Community Club Limited

Opinion

We have audited the financial report of City of Sydney RSL & Community Club Limited (the Club) which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Clubs financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

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

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

Responsibilities of the Directors for the financial report

The Directors of the Club 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 Club'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 Club or to cease operations, or have no realistic alternative but to do so.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 31 December 2021 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

31 March 2022
Newcastle

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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