



Berowra RSL Club Ltd

“Club Berowra”

Annual Report

2021



ACN 000 967 180

997 Pacific Highway, Berowra NSW 2081

COMPANY INFORMATION

Berowra RSL Club Limited

(incorporated in NSW)

ABN 66 000 967 180

Address

997 Pacific Highway

Berowra NSW 2081

Phone

(02) 9456 1844

Email

reception@clubberowra.com

Website

www.berowrarsl.com.au

Auditors

Brigden & Partners Pty Ltd

President

Jim Beaumont

Vice President

Simon Boyce

Treasurer

Graham Jose

Directors

Andrew Robertson

Greg Fiedler

Andrew Adam

Jason Lord

Chief Executive Officer

Steve Euers

Bankers

Bendigo Bank & Westpac

PRESIDENT'S REPORT

Dear Members

At the time of writing this report clubs in general are in the rare position of being able to trade without restrictions, a position not afforded to us in a couple of years.

It would be reasonable to suggest that the club came out of the initial lockdown of 2020/21 in a stronger financial position than when entering it, through the generous government assistance packages. The same can't be said of the June – October lockdown of 2021. Although the club didn't trade in profit for these months, it managed to mitigate the damage by stepping into areas not previously delivered.

The club and community embraced the fact that our kitchen had stability, quality and value when we started the take-away service. This was led by our local chief Tim Droder, who joined us when the club went back into service from the initial lockdown and has done a magnificent job in re-establishing the restaurant's reputation. Also leading the charge were Steve Euers, (our CEO) and Ryan Purser, (our Duty Manager), both working 6 days a week in the kitchen - whatever the duty.

Another great initiative undertaken was an idea from Board Director Andrew Adam, who pushed hard for the club to introduce the Friday night online raffle. Again, an absolute winner in the community and still happening to date.

As you will see from the Treasurer's report we are still in a financially sound position and have reported an end of year profit. However, we as a board are very aware of the fine line when it comes to expenditure, given that we don't own the premises. However, we still strive to continue to improve the experience at the club, and to this end we have now completed the improvements to the Sky Deck, which will be a great facility for both members and private functions. Other improvements will continue as funds become available and specific needs arise.

We are now entering a time where we can once again experience live entertainment at the club, and we look forward to having a regular programme of events unhindered by the restrictions imposed on us over the past couple of years.

As we move forward the club and its management are trying to stay relevant in the community and attract existing and new members into the premises. Our biggest challenge always will be getting 'bums on seats' and it is so important that the community understands this.

To that end we are now in a position that allows certain freedoms to discover new ways to market our operations. Andrew Adam has been particularly passionate along these lines and I am glad to report that through his passion the club has moved into areas not previously envisaged, with the hiring of Club Solutions to run our online Friday raffles and recently hired local company Social Us to navigate the club through all the social media platforms.

PRESIDENT'S REPORT (cont'd)

We are also trying to recruit a marketing position to 'pound the pavement' in Berowra, with the view to connecting with as many focus groups as possible. Steve has also purchased new attire for club staff, and you will see an uplift in their outfits in weeks to come.

I would like to thank our CEO Steve Euers for his dedication and commitment to the club and this is borne out by our solid financial position and enhanced reputation. I would also like to thank all board members, who are all volunteers and give their time and energy to their respective positions, for their efforts and contribution through the year; Simon Boyce - Vice President, Graham Jose -Treasurer, Greg Fiedler, Andrew Robertson, Jason Lord, and Andrew Adam as directors. Whilst we have a strong and well-functioning board, we have been criticised in the past for its make-up of positions, some would say – pale, male, and stale. Once again, I implore existing members, who qualify, to step up and nominate for a position in the annual election process for directors, so we can say that we have a truly diverse representation from the community.

Finally, I think the biggest challenge for the club is navigating a position where we have long term security with our premises. Our current lease expires in 2024, with the vendor holding all the cards. To this end, and at the time of writing we are entering discussions with our landlord to ascertain their plans for the future, which we will report in due course.

In conclusion, to you our members, thank you for your continued support. We all must strive to ensure 'our' club remains sustainable, profitable, and enjoyable and to be the venue of choice in Berowra for all our members and the broader community.

Yours sincerely,
Jim Beaumont

President

TREASURER'S REPORT

Dear Members

Thank you to all Club members for the opportunity to present the 2021 Audited Financial Results on behalf of the Board.

You entrusted me with the role of Treasurer three years ago, during our remarkable “call-to-arms” year, which saw our members rise in support of their Club and a welcome turn-around in our trading and finances. We then endured a year of COVID-19 and government restrictions in 2020. Just when we thought we might get a year of clear trading, the government locked us down again in 2021 for a record three months from June 26 until October 10, with significantly less handouts than the previous year. Never a dull moment.

Thankfully, due to the actions taken in 2020 to streamline the business operations, we were able to endure the storm of 2021. With a pivot to online raffles and superb take-away options from our chef, Tim Droder, we continued to trade and mitigate the effects of the lockdown. We would have been stronger without the lockdowns, but we endured.

While our bar revenue continues to lag from our halcyon years, it was close to budget (\$520k compared to \$544k from 2020). Poker machine revenue continues to blow with the winds of chance but is still consistent over the year. What continues to be exciting is our bistro revenue, which is strong and came in over 50% above the previous year. Should I mention again that we have a great chef? Government support during the lockdown was also at a third of the level of 2020.

On the balance sheet, we have improved our cash position by 20%, which is critical for us to continue maintaining and upgrading the club, as well as providing for the next rainy day. In fact, this year we have been able to upgrade the Sky Deck (screens, televisions, fans, plants, and lights), replace televisions throughout the club, install greenery and upgrade the kitchen and IT infrastructure. We hope to continue with the positive upgrades during 2022.

We continue to reduce our tax liabilities and our trade creditors are at a manageable \$43k. Staff leave liabilities are up, which is mostly due to the staff shortage following the lockdowns and the difficulty in granting leave.

When we add it all up, I am happy to advise that we finished 2021 with a net profit of \$86,430 and while down on the previous year, this is still a positive result.

TREASURER'S REPORT (cont'd)

No doubt, 2022 will bring its own challenges and I thank each member for their support of the Club. I also thank the Board and the staff of Club Berowra for their tireless efforts in keeping this place running. And where we be without our fiscally responsible CEO, Steve Euers, who has helped us navigate the Club through troubled waters?

On a final note, I'd like to take the opportunity to remind everyone, that Club Berowra is a special venue and unique in the area, due to its multi-function nature. We have a bistro, a stage and dance floor, a Sky Deck, and a Sports Bar. No other venue offers so much versatility and I encourage all members and guests to reach out to us. We can help you make your next function in Berowra a very special occasion.

Thank you and I wish everyone a prosperous 2022.

Graham Jose

Treasurer

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Members

Another Covid affected year, where we bounced back strongly from mandatory shutdowns and government restrictions in 2020 with some excellent trading results, only to be shut down again in 2021 for three months and more ongoing government restrictions.

We have managed to post a Profit after depreciation of \$86,430 for the year ended 31st December 2021. We have also increased our cash position by \$106,492 and reduced our liabilities by \$160,271. Our trade creditors remain at an acceptable level and are up to date and current. We have maintained our financial lease payment obligations and reduced them by \$127,137.

The main two initiatives introduced during the last Covid shutdown being the Friday night online meat raffle and the bistro takeaways have proved to be very successful. Not only were they a valuable source of revenue, they enabled the Club to maintain a strong relationship with our members and the community. The bistro takeaways also assisted in keeping a small team of staff engaged and employed during a tough time.

A big thank you to everyone in the community for your support .

Again our team have been fantastic in coping with the many changes and restrictions due to Covid. They have followed and enforced all the rules to comply with the constantly changing Government regulations and restrictions, they have cleaned, renovated and done everything they can to keep our members safe and well looked after. Arlene Lucas in administration, Duty Manager Ryan Purser and Head Chef Tim Droder all deserve special recognition for their efforts over the past twelve months.

We continue to focus on improving the member and club facilities that we offer.

We have strengthened our catering team by adding a permanent Second Chef . Sachin Khadka is an experienced Chef who has settled in well and formed an excellent team with Head Chef Tim Droder. We now have two permanent chefs that have set the quality of our food at a new level. The quality, weekly specials and consistency has never been better.

During the year we have completed capital expenditure projects that members might not notice but have vastly improved the efficiency and service to members behind the scenes. Our till system has been upgraded with new tills and server, old office PC's have been replaced and software updated. For the members we have upgraded several new poker machines, replaced old TV's and improved the Sky Deck to become an outstanding and unique outdoor venue.

CHIEF EXECUTIVE OFFICER'S REPORT (cont'd)

In early January 2022 we replaced our existing courtesy bus. The new bus is in much better condition and more comfortable for our members. The bus is an automatic which will allow for more of our team to be able to drive it.

Hopefully, 2022 looks promising as we continue to improve our trade, increase our offerings and improve the Club facilities.

Entertainment will restart in March with the Club successfully obtaining three Great Southern Nights Shows. This is part of a state-wide campaign to re-invigorate the NSW entertainment industry. We are proud to have been selected as a venue and look forward to hosting some great shows.

Trivia will start in March on Thursday nights and hopefully Karaoke will make a return shortly after. If members have any entertainment suggestions please contact me at the club, we are always on the lookout for different options for our members and guests' enjoyment.

I would like to thank President Jim Beaumont and the Directors for their support over another tough but rewarding period. The board give up their precious family and personal time to assist members, management and staff. They are involved in running our weekly raffles, help out with maintenance issues, attend and have valuable input at our monthly meetings and generally support the wellbeing of our club and members.

Please continue to provide your feedback, it is important to us. Do not hesitate to let me, a manager or a staff member know. We will do our best to address and respond promptly.

We appreciate your support and hope to see you around the Club.

Yours Sincerely
Steve Euers
Chief Executive Officer

ANNUAL FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

Your directors have pleasure in submitting to members their annual report on the Club covering year ended 31 December 2021.

Operations

The principal activity of the Club during the financial year was to provide the facilities of a licensed club to members and visitors. There were no significant changes to this activity during the financial year.

The Club's short term objectives are to:

- Continue improving the financial viability of the Club; and
- Continue the improvement of facilities for members and visitors.

The Club's long term objectives are to:

- Maintain financial stability and sustainability as a business; and
- Provide quality facilities and continue to improve those facilities.

The short term and long term objectives will be achieved by:

- Strict control over the Club's finances and sound economic operation of the Club as a business.
- The maintenance and development of quality management personnel.
- Ensuring the Club meets the required standards of governance and professional accountability.
- Maintaining consistent high standards of service to customers.

The Club measures its financial performance by benchmarking its key performance indicators (KPIs) against those of other similar clubs. The KPI's include but are not limited to:

- EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to Revenue.
- Wages to Revenue
- Gross Profit
- Entertainment and Marketing Costs

DIRECTORS' REPORT (cont'd)

Directors' Particulars

Name	Details	Interest in Contracts
James BEAUMONT	President Retired Civil Engineer Appointed: April 2019	Nil
Simon BOYCE	Vice President Small Business Owner Appointed: April 2008	Nil
Graham JOSE	Treasurer Project Management Consultant Appointed May 2018	Nil
Andrew ROBERTSON	Director Managing Director Appointed: April 2015	Nil
Greg FIEDLER	Director Financial Services Manager Appointed August 2007	Nil
Jason LORD	Director Internal Auditor & Chartered Accountant Appointed: July 2020	Nil
Andrew ADAM	Director Construction Company Director Appointed: May 2021	Nil
Murray BOLAN	Director Small Business Owner Resigned : May 2021	Nil

DIRECTORS' REPORT (cont'd)

Directors' Meetings

The number of Directors and Board meetings attended by directors who held office during the year are as follows:

Directors	Eligible Board Meetings	Meetings Attended
Jim Beaumont	12	12
Simon Boyce	12	12
Graham Jose	12	11
Andrew Robertson	12	9
Greg Fiedler	12	10
Jason Lord	12	10
Andrew Adam	8	8
Murray Bolan	4	3

Membership Liability

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 \$5.00 towards meeting any outstanding obligations of the entity. Further details of this liability can be found at Note 20 of the financial statements.

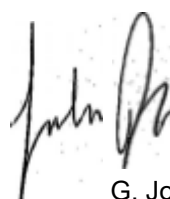
Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2021 has been received and is included with the financial report.

Made and signed in accordance with a resolution of the Board of Directors this 24th day of March 2022.



J. Beaumont
DIRECTOR/ PRESIDENT



G. Jose
DIRECTOR/ TREASURER

AUDITORS INDEPENDENCE DECLARATION

This declaration is made under Section 307C of the Corporations Act 2001 to the Directors of Berowra RSL Club Limited.

As lead auditor of Berowra RSL Club Limited, I declare that to the best of my knowledge and belief, during the year ended 31 December 2021 there has 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.

BRIGDEN & PARTNERS PTY LIMITED

Chartered Accountants

David Smith - Director

Level 3, 20 George Street HORNSBY NSW 2077

24 March 2022

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	547,615	441,123
Inventories	5	37,039	28,944
Financial assets	6	60,000	60,000
Other current assets	7	32,536	11,145
TOTAL CURRENT ASSETS		677,190	541,212
NON-CURRENT ASSETS			
Property, plant & equipment	8	388,522	466,812
Right of use assets	9	666,637	798,166
TOTAL NON-CURRENT ASSETS		1,055,159	1,264,978
TOTAL ASSETS		1,732,349	1,806,190
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other payables	10	169,327	155,460
Lease liabilities	11	170,875	217,295
Financial liabilities	12	28,608	27,720
Employee benefits liabilities	13	87,347	65,978
Other current liabilities	14	6,217	15,891
TOTAL CURRENT LIABILITIES		462,374	482,344
NON-CURRENT LIABILITIES			
Trade and Other payables	10	6,003	49,110
Lease liabilities	11	630,470	711,187
Financial liabilities	12	1,435	19,489
Employee benefits liabilities	13	4,539	2,130
Other non-current liabilities	14	25,533	26,365
TOTAL NON-CURRENT LIABILITIES		642,447	808,281
TOTAL LIABILITIES		1,130,354	1,290,625
NET ASSETS		601,995	515,565
MEMBERS FUNDS			
Accumulated Funds		601,995	515,565
TOTAL MEMBERS FUNDS		601,995	515,565
TOTAL LIABILITIES AND MEMBERS FUNDS		1,732,349	1,806,190

The accompanying notes form part of these Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
REVENUE			
Revenue	2	2,003,177	1,923,429
Other Income	2	157,979	421,305
Total Revenue	2	2,161,156	2,344,734
EXPENSES			
Cost of goods sold		310,469	292,824
Employee benefit expenses		860,894	894,626
Insurance		62,307	55,823
Marketing, promotions and entertainment		169,329	151,788
Poker machine gaming duty		36,724	31,729
Property and maintenance		102,130	123,951
Other expenses		160,549	154,589
		1,702,402	1,705,330
Earnings before Interest and Depreciation		458,754	639,404
Interest income		327	644
Finance costs	3	(64,232)	(70,937)
Profit/ (loss) on sale of assets	3	-	-
Depreciation and amortisation	3	(308,419)	(329,504)
NET (LOSS) / PROFIT BEFORE INCOME TAX	3	86,430	239,607
Income tax expense (benefit)			-
NET (LOSS) / PROFIT FOR THE YEAR	3	86,430	239,607
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		86,430	239,607

The accompanying notes form part of these Financial Statements

STATEMENT OF CHANGES OF EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Accumulated Funds	Total
	\$	\$
Balance 31 December 2019	275,958	275,958
Net (loss) / profit attributable to members	239,607	239,607
Balance 31 December 2020	515,565	515,565
Net (loss) / profit attributable to members	86,430	86,430
Balance 31 December 2021	601,995	601,995

The accompanying notes form part of these Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 \$	2020 \$
Cash Flows from Operations			
Receipts from members and guests		2,187,265	2,116,880
Government receipts received		136,000	401,654
Payments to suppliers & employees		(1,910,465)	(2,021,012)
Interest received		327	644
Finance costs paid		(64,681)	(70,937)
Net Operating Cash Flows	16	<u>348,946</u>	<u>490,229</u>
Cash Flows from Investments			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of intangible assets		-	-
Payment for property, plant and equipment		(98,151)	(62,147)
Net Investment Cash Flows		<u>(98,151)</u>	<u>(62,147)</u>
Cash Flows from Financing			
Repayment of borrowings		(164,303)	(152,820)
Funds from borrowings		20,000	40,019
Net Financing Cash Flows		<u>(144,303)</u>	<u>(112,801)</u>
Net Surplus / (Deficit) in Cash Flows		106,492	315,281
Cash at the Beginning of Financial Year		<u>441,123</u>	<u>125,842</u>
Cash at the end of Financial Year	4	<u>547,615</u>	<u>441,123</u>

The accompanying notes form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The financial report is for Berowra RSL Club Ltd (“the Company/Club”) as an individual entity, for the year ended 31 December 2021, and was authorised for issue in accordance with a resolution of the directors on 24th March 2022.

The Club is a company limited by guarantee, incorporated and domiciled in Australia. The Club is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The Club’s registered office and business address is 997 Pacific Highway Berowra NSW 2081.

Note 1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial report and have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (RDR) (including Australian Accounting Interpretations) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities, and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors considered the profitability, liquidity and solvency of the Club and have concluded that the use of the going concern assumption in the preparation of the financial report is appropriate. The Directors have forecast that the club will generate a positive EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) and cashflow for 2022.

Changes in Accounting Policies, Disclosures, Standards and Interpretations

During the current year the Club adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The new or amended Australian Accounting Standards that apply for the first time in this financial year do not have a significant impact on the disclosure in the Clubs financial statements or the measurement of the Club’s revenue, expenses, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Accounting Policies

(a) Revenue

Revenue is recognised in the accounts from the sale of goods and services upon delivery of the goods and services. Revenue is measured based on the cash or cash equivalent consideration received, after deducting discounts.

Interest revenue is recognised on a cash basis in the period it is received.

(b) Goods & Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(c) 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.

(d) Inventories

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

(e) Property, Plant and Equipment, and Depreciation

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Depreciation The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use.

Depreciation rates:

Leasehold improvements	10 - 15%
Plant & Equipment	10 - 25%
Poker machines	20 - 25%

(f) Intangible Assets

Gaming machine entitlements are initially recognised at their acquisition cost. Entitlements acquired or granted for no cost are not brought to account. Entitlements have an indefinite life, and so their costs are not amortised. The carrying value is assessed annually for impairment. The Club holds 36 gaming machine entitlements all acquired at no cost, but they do have a saleable market value.

(g) Financial Instruments

Financial instruments are accounted for in accordance with AASB139: *Financial Instruments – Measurement and Recognition*.

Broadly, financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

(h) Impairment of Assets

At each reporting date the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, then the recoverable amount of the asset is compared to the carrying value, and any excess in carrying value over the recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows, and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(i) 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 company 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.

(j) Leases

The lease liability is initially measured at the present value of the 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 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 where there is 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.

Right of use leases are where ownership of the asset does not pass to the lessor at the conclusion of the lease. The right of use is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid leases, 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.

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

(k) Employees' Benefits

Provision has been made for long service leave and annual leave in accordance with statutory requirements, on the basis of pro rata entitlement on the wage and salary levels, including salary on-costs, of employees at reporting date.

The long service leave provision applies only to those employees who have completed at least five years' service with the Club, which is based on experience of staff turnover. The amounts attributed to employees with at least ten years' service is shown as current liability, and the balance is shown as a non-current liability.

Employee benefits that are expected to be settled within one year have been measured at

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(k) Employees' Benefits (cont.)

the amounts expected to be paid when the liability is settled. Employee benefits that are payable later than one year have been calculated using a nominal value basis rather than the standards based present value of future cash flows method, however the result under each of these methods is not materially different.

Superannuation contributions are made to an employee superannuation fund and charged as expenses in the period in which they are incurred.

(l) Income Tax

No income tax has been provided in the accounts as the Club did not derive any taxable income.

Under present income tax legislation, and in accordance with mutuality principles, net income derived from members is not assessable for income tax purposes.

Deferred tax assets arising from tax losses are brought to account only when it is probable that taxable income will be available in the future to absorb these losses.

(m) Current versus Non--Current Classification

The Club presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is: expected to be realised, sold or consumed in the normal operating cycle; held for the purpose of trading, expected to be realised within twelve months after reporting date, or cash or cash equivalent. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, held primarily for trading; due to be settled within twelve months after the reporting date, or there is no unconditional right to defer settlement of the liability for at least twelve months after reporting date. All other liabilities are classified as non-current.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When an entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(o) Significant Accounting Estimates, Judgements and Assumptions

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

The key estimates used are:

1. Useful lives of fixed assets are estimated in order to calculate depreciation rates.
2. Future cash flows are estimated in order to calculate net present values for impairment calculations and for long-term liabilities.

(p) Changes in Accounting Policies, Disclosures, Standards and Interpretations

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The new or amended Australian Accounting Standards that apply for the first time in this financial year do not have a significant impact on the disclosures in the Club's financial statements or the measurement of the Club's revenue, expenses, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 2:		
REVENUE		
Revenue from contracts with customers		
Revenue from services		
Gaming and provision of other services	1,066,183	1,114,032
Member subscriptions	28,606	18,662
	<u>1,094,789</u>	<u>1,132,694</u>
Revenue from sale of goods		
Sale of goods — food and beverages	908,388	790,735
	<u>908,388</u>	<u>908,388</u>
Total revenue from contracts with customers	<u>2,003,177</u>	<u>1,923,429</u>
Geographical Markets		
Australia	<u>2,003,177</u>	<u>1,923,429</u>
	2,003,177	1,923,429
Timing of Revenue Recognition		
Goods and services at point of time	1,974,511	1,904,767
Serviced transferred over time	28,606	18,662
	<u>2,003,177</u>	<u>1,923,429</u>
Other Income		
Government Grants—COVID-19	136,500	401,654
Other income	21,479	19,651
Total other income	<u>157,979</u>	<u>421,305</u>
Total Revenue	<u>2,161,156</u>	<u>2,344,734</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 3:		
PROFIT FOR THE YEAR		
The Net Profit for the year has been determined after charging for:		
Finance costs:		
- Interest paid	6,968	5,775
- Interest on lease liabilities — right of use assets	57,264	65,162
	<u>64,232</u>	<u>70,937</u>
Profit on sale of assets:		
- Profit on sale of plant and equipment	-	-
- Profit on sale of intangible assets	-	-
	<u>-</u>	<u>-</u>
Depreciation and amortisation:		
- Leasehold improvements	41,080	44,051
- Plant and equipment	133,645	147,747
- Right of use assets — plant & equipment	54,531	58,809
- Right of use assets—Club premises	79,163	78,897
	<u>308,419</u>	<u>329,504</u>
Superannuation - defined contributions plan	70,146	67,502
	<u>70,146</u>	<u>67,502</u>
Government Grants — COVID-19		
- JobKeeper wages subsidy	-	253,500
- Cashflow boost and other subsidies	136,500	148,154
	<u>136,500</u>	<u>401,654</u>
NOTE 4:		
CASH AND CASH EQUIVALENTS		
Cash at bank	487,515	391,023
Cash on hand	60,100	50,100
	<u>547,615</u>	<u>441,123</u>
NOTE 5:		
INVENTORIES		
Bar stock	27,735	19,392
Bistro stock	9,304	9,552
Stock on hand at cost	<u>37,039</u>	<u>28,944</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
NOTE 6:	\$	\$
FINANCIAL ASSETS		
Current -		
Bank fixed interest deposits (a)	<u>60,000</u>	<u>60,000</u>

(a) this term deposit has been used to secure a bank guarantee required by the premises lease agreement

NOTE 7:

OTHER CURRENT ASSETS

Prepayments	7,907	6,914
Trade and sundry debtors	<u>24,629</u>	<u>4,231</u>
	<u>32,536</u>	<u>11,145</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 8:		
PLANT AND EQUIPMENT		
Furniture, fittings, plant & equipment, at cost	468,139	462,058
Provision for depreciation	<u>(330,194)</u>	<u>(311,464)</u>
	<u>137,945</u>	<u>150,594</u>
Motor vehicles, at cost	22,727	22,727
Provision for depreciation	<u>(22,727)</u>	<u>(22,727)</u>
	-	-
Leasehold improvements, at cost	421,340	412,886
Provision for depreciation	<u>(302,770)</u>	<u>(261,690)</u>
	<u>118,570</u>	<u>151,196</u>
Poker machines, at cost	807,162	815,354
Provision for depreciation	<u>(675,155)</u>	<u>(650,332)</u>
	<u>132,007</u>	<u>165,022</u>
Total Plant and Equipment	<u>388,522</u>	<u>466,812</u>
Reconciliation of Carrying Values		
Furniture, fittings, plant & equipment		
Carrying value at start of year	150,594	147,396
Additions	38,091	62,148
Disposals	-	-
Depreciation	<u>(50,740)</u>	<u>(58,950)</u>
Carrying value at end of year	<u>137,945</u>	<u>150,594</u>
Motor Vehicles		
Carrying value at start of year	-	-
Depreciation	-	-
Carrying value at end of year	-	-
Leasehold Improvements		
Carrying value at start of year	151,196	195,247
Additions	8,454	-
Disposals	-	-
Depreciation	<u>(41,080)</u>	<u>(44,051)</u>
Carrying value at end of year	<u>118,570</u>	<u>151,196</u>
Poker Machines		
Carrying value at start of year	165,022	253,819
Additions	49,890	-
Disposals	-	-
Depreciation	<u>(82,905)</u>	<u>(88,797)</u>
Carrying value at end of year	<u>132,007</u>	<u>165,022</u>
	<u>388,522</u>	<u>466,812</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 9:		
RIGHT OF USE ASSETS		
Leased plant and equipment	249,019	249,753
Provision for depreciation	<u>(196,022)</u>	<u>(141,940)</u>
	<u>52,997</u>	<u>107,813</u>
Leased Club premises	1,133,289	1,130,839
Provision for depreciation	<u>(519,649)</u>	<u>(440,486)</u>
	<u>613,640</u>	<u>690,353</u>
Total Right of use assets	<u>666,637</u>	<u>798,166</u>
Reconciliation of Carrying Values		
Leased plant and equipment		
Carrying value at start of year	107,813	166,622
Existing right of use assets brought to account	285	-
Depreciation	<u>(54,531)</u>	<u>(58,809)</u>
Carrying value at year end	<u>52,997</u>	<u>107,813</u>
Leased Club premises		
Carrying value at start of year	690,353	769,251
Existing right of use assets brought to account	2,450	-
Depreciation	<u>(79,163)</u>	<u>(78,898)</u>
Carrying value at year end	<u>613,640</u>	<u>690,353</u>
	<u>666,637</u>	<u>798,166</u>
NOTE 10:		
TRADE AND OTHER PAYABLES		
Trade creditors and accruals	126,983	112,144
Tax liabilities	17,703	54,049
Deferred rent payable	<u>30,644</u>	<u>38,377</u>
	<u>175,330</u>	<u>204,570</u>
Represented by:-		
Current	169,327	155,460
Non-Current (due within 2 - 5 years)	<u>6,003</u>	<u>49,110</u>
	<u>175,330</u>	<u>204,570</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 11:		
LEASE LIABILITIES		
Lease liabilities plant and equipment	57,726	114,294
Lease liabilities Club premises	743,619	814,188
	<u>801,345</u>	<u>928,482</u>
Represented by:-		
Current	170,875	217,295
Non-Current (due within 2 – 10 years)	630,470	711,187
	<u>801,345</u>	<u>928,482</u>
Total cash outflows for lease payments	186,020	216,009
NOTE 12:		
FINANCIAL LIABILITIES		
Current		
Secured Loan	28,608	27,720
	<u>28,608</u>	<u>27,720</u>
Non-Current		
Secured Loan	1,435	19,489
	<u>1,435</u>	<u>19,489</u>
Total Financial Liabilities	<u>30,043</u>	<u>47,209</u>

Secured Loan Capital Finance – is a secured loan agreement with the Capital Finance. Equipment purchased are subject to a specific security agreement whereby the Club has granted a security interest over the specific poker machine equipment purchased.

The carrying value of the secured assets is \$9,628

The weighted average interest rate on the loan is 8.65%

Secured Loan All Asset Leasing – is a secured loan agreement with the All Asset Leasing Pty Ltd. Equipment purchased are subject to a specific security agreement whereby the Club has granted a security interest over the specific bar equipment purchased.

The carrying value of the secured assets is \$11,184

The weighted average interest rate on the loan is 17.42%

Secured Loan Flexi Commercial – is a secured loan agreement with the Flexirent Capital Pty Ltd. Equipment purchased are subject to a specific security agreement whereby the Club has granted a security interest over the specific kitchen equipment purchased.

The carrying value of the secured assets is \$12,147

The weighted average interest rate on the loan is 16.86%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 13:		
EMPLOYEE BENEFITS LIABILITIES		
Accrued annual leave	68,822	43,464
Long service leave	23,064	24,644
	<u>91,886</u>	<u>68,108</u>
 Represented by:-		
Current	87,347	65,978
Non-Current	4,539	2,130
	<u>91,886</u>	<u>68,108</u>
 NOTE 14:		
OTHER LIABILITIES		
Current -		
Income received in advance	<u>6,217</u>	<u>15,891</u>
Non-Current -		
Income received in advance	<u>25,533</u>	<u>26,365</u>
 NOTE 15:		
CAPITAL AND LEASING COMMITMENT		
(a) Capital Expenditure commitments		
Capital commitments at balance day	<u>Nil</u>	<u>Nil</u>
(b) Contingent liabilities		
Contingent liabilities at balance date	<u>Nil</u>	<u>Nil</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 16:		
CASH FLOW INFORMATION		
(a) Reconciliation of Operating Loss After Tax to Net Operating Cash Flows		
Operating (Loss) / profit after tax	86,430	239,607
Non-cash (Income) and expenses -		
Depreciation and amortisation	307,970	329,504
(Profit) / Loss on disposal assets	-	-
Changes in assets and liabilities -		
Decrease / (Increase) in inventories	(8,096)	1732
Decrease / (Increase) in other assets	(21,390)	53,640
(Decrease) / Increase in payables	(29,240)	(121,292)
(Decrease) / Increase in other liabilities	(10,506)	4,791
(Decrease) / Increase in employee benefits liabilities	23,778	(17,753)
Net Operating Cash Flows	<u>348,946</u>	<u>490,229</u>
(b) Financing Facilities		
The Club has the following financing facilities:		
Bank overdraft facility	45,000	45,000
Amounts used	<u>-</u>	<u>-</u>
Unused facilities	<u>45,000</u>	<u>45,000</u>
NOTE 17:		
KEY MANAGEMENT PERSONNEL		
Total compensation of key management personnel	<u>159,682</u>	<u>142,001</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 18:

RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated, or approved at a Annual General Meeting.

Apart for the detail disclosed in this note, no related party has entered into a material contract with the club since the end of the previous financial year, and no such material contracts existed at year end.

There were no amounts receivable from or payable to related parties at the current or previous reporting date.

NOTE 19:

EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations , or the state of affairs of the company in future financial years other than Covid –19 which remains active in the community. The potential for ongoing outbreaks continues to provide uncertainty on the Club’s ability to operate normally or to it’s full capacity. The club is complying with the ongoing government restrictions.

NOTE 20:

EVENTS SUBSEQUENT TO BALANCE DATE

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity wound up, the Constitution states that each member is required to contribute a maximum of \$5.00 towards meeting any outstanding obligations of the entity.

At 31 December 2021 the number of members was 3,253 and the total member liability is \$16,265.

DIRECTORS' DECLARATION

The directors have determined that the company is a reporting entity that does not have public accountability as defined in AASB 1053: Application of Tiers of Australian Accounting Standards and that these general purpose financial statements should be prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

In accordance with a resolution of the directors of Berowra RSL Club Limited the directors of the company declare that:

- 1) The accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards – Reduced Disclosure Requirements;
 - b) give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the year ended on that date.
- 2) In the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors this 24th day of March 2022.

Jim Beaumont
Director/ President



Graham Jose
Director/Treasurer

INDEPENDENT AUDIT REPORT

To the members of Berowra RSL Club Limited

Opinion

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

In our opinion, the accompanying financial report of Berowra RSL 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 31 December 2021 and of its performance for the year then ended;
- B) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

INDEPENDENT AUDIT REPORT (cont.)

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 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.

Signed on: 24 March 2022

Brigden & Partners Pty Ltd, Chartered Accountants