



Berowra RSL Club Ltd

“Club Berowra”

Annual Report

2022



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.clubberowra.au

Auditors

Brigden & Partners Pty Ltd

President

Jim Beaumont

Vice President

Simon Boyce

Treasurer

Jason Lord

Directors

Andrew Robertson

Greg Fiedler

Andrew Adam

Ingrid Stewart

Chief Executive Officer

Steve Euers

Bankers

Bendigo Bank & Westpac

PRESIDENT'S REPORT

Dear Members

One of my goals when I agreed to nominate for the role of President was to openly encourage a more diverse Board of Directors. Rather than the traditional white Australian male representation which has been endemic through society in general, I wanted a board that truly represents our community demographic and stays relevant to our community's needs. To that end, we started the process when we welcomed Ingrid Stewart to our table at last year's AGM. I see this as the start of a renewal process that will encourage more women to nominate for future positions.

My aim is to achieve gender equality representation on our board by the time my term finishes in 2024.

Whilst trading has been difficult for the first quarter of 2023, with revenue down, our cash reserves are still in a very sound position.

We are also very encouraged by our local community and their overwhelming support of our facilities, by booking events at our club. We continue to have a strong function schedule for the foreseeable future.

Over the past 12 months we have also secured further guaranteed tenure of the clubs premises, extending the lease out to 2029, under the existing lease's terms and conditions, with a further 5-year option to follow.

Another pleasing aspect of the club's trading position is the resurgence of our bistro and its continued high quality of service and food. We owe a debt of gratitude to our previous head chef, Tim Droder, who was able to revitalise the bistro and attract patrons back from COVID into the club. Tim has since moved on and we wish him well.

A new Head Chef David O'Connell will be commencing mid-May and is highly recommended after many years of service at Anglers Rest in Brooklyn. We also recognise the contribution of Sachin, Purna, Sarrah and all our kitchen staff in the resurgence of our bistro and functions.

I also wish to thank every member of our board for their ongoing commitment to the club and their continued efforts in delivering further innovations to ensure our clubs viability.

I would also like to thank our CEO, Steve Euers, for his unwavering dedication to our club as he celebrates five years of service.

PRESIDENT'S REPORT (cont'd)

We also recognise our committed and friendly staff, without whom the club wouldn't have the reputation of being "the friendly club" in our district.

Finally, to you, our members, thank you for your continued support.

Again, I stress that we all must strive to ensure our club remains sustainable, profitable, and enjoyable 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 2022 Audited Financial Results on behalf of the Board. This is my first year presenting the audited financials after having taken on the responsibility for Treasurer and building on all of the hard work completed by my predecessor, Graham Jose, the rest of the board, and of course the great work of our CEO Steve Euers.

2022 saw a return to more normalised trading conditions after a COVID impacted 2021. As a result we saw increases across both our revenues (up 26%) and expenses (up 45%) for the year, which were largely in line with the approved budgets (revenue up on budget by 8%), with the exception of a number of unexpected expense increases.

During the period we experienced increases across salaries (including award increases), marketing and promotional costs, deferred market rent increases and lease liabilities, poker machine gaming duty rates, as well as increased property and maintenance expenses to ensure that we have safe and enjoyable premise for our members.

COVID Government Grants (including Job keeper and Job saver) that we received during COVID concluded in 2021, and unfortunately during 2022 we had to pay back an overpayment of COVID Government Grants of \$38,046 which was received in error.

On the balance sheet, our cash position, when taking into account term deposits, saw a minor increase of 2% when compared to the prior year. During 2022 we were able to pay off our outstanding tax liabilities and deferred lease liabilities and made a number of property and equipment purchases and enhancements, including the purchase of a replacement bus, new poker machines and upgrades to the downstairs bar for the use of our members.

Unfortunately despite all the hard work and best efforts of the team, we experienced a net loss of \$39,400 for the year. 2023 is also shaping up to be a challenging year due to increased interest rates, inflation and reduced consumer spending, as we have already experienced during the first few months of the year.

TREASURER'S REPORT (cont'd)

On a final note, I'd like to thank everyone for their continue patronage and 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.

Yours Sincerely

Jason Lord

Treasurer

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Members

The financial result for the Year End 2022 before Interest and Depreciation was a \$262,829.

Due to a COVID affected 2021 the financial results for 2022 are very difficult to compare on a year on year basis.

While we didn't achieve our budgeted net profit there were some positive outcomes.

Catering (bistro and functions) was especially pleasing, up on budget by \$119,188 being 21%.

Revenue in total was up on budget by \$217,777 being 8% with Bars 7% and Gaming 1%.

The number of functions bookings continued to increase due to the improved quality of our food, service, and facilities. The Sky Deck is proving to be popular for a wide range of parties and get-togethers. We have been well supported by the local community, sporting clubs and community groups, who are taking advantage of the flexibility of our various function packages and rooms available. A big thank you for your continuing support.

To achieve the above increased revenue and improved service to members there were some increases in costs and expenses. Mainly salaries and wages where we invested in quality Chefs and increased staff in several areas. Promotional and marketing costs increased with weekly special discounts, free Trivia and low-cost entertainment.

Unfortunately, there were two expense increases that were due to matters outside our control. In October there was an abnormal increase of approx. 4.5% to the Club Award wage rates, the biggest increase for a few years.

In August, Service NSW advised that we had been overpaid Jobseeker payments the previous year and we were required to refund \$38,046 this year.

During the year we have completed capital expenditure projects for the benefit of our members. We have upgraded several new poker machines, installed a cash redemption terminal (CRT), upgraded our downstairs bar, and had our snooker tables recovered.

2023 will be a very challenging year due to the high interest rates, increases in everyday living costs and the uncertainty due to the recent state election. The first three months of the year have shown a decrease in revenue and patronage.

Support from our members and the community is so important to the future viability of our club.

CHIEF EXECUTIVE OFFICER'S REPORT (cont'd)

On a promising note, our function bookings remain strong, we have some great upcoming entertainment and in May, David O'Connell, our new Head Chef, arrives from the Anglers Rest.

After long negotiations with our landlord, we have managed to increase our lease from September 2024 until September 2029 with a further option of five years until September 2034 which includes an extended demolition clause. Effectively giving us a guaranteed further nine years, a great outcome that has given us more stability and security.

While we continue to receive positive feedback on our food, service, friendliness, and facilities, we strive to improve in all areas. The ceiling downstairs will be fully replaced in the next month or so, painting in all areas will continue and we have started to review options to upgrade the bar upstairs. Recently, we have added new craft beers, introduced an exciting cocktail menu and our wine list is being upgraded and extended.

I would again like to thank President Jim Beaumont and the Directors for their continuing support and assistance over the past 12 months.

We also have a wonderful team at Club Berowra that is friendly, helpful, and work well together to provide quality services for our members and guests. While we lose some experienced staff as they progress in their chosen careers, we have been lucky to attract and welcome good staff to replace them. Congratulations to three of our team, Angus Lynch, Ryan Purser and Sarrah Naziry who all reached the milestone of five years of service during the year. A lot of our positive feedback is attributed directly to our staff.

Please remember to check our webpage and social pages regularly for what is happening at your club.

Member feedback is important to us, please let us know if you have any suggestions or issues, someone from our team is always available to assist.

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

Yours Sincerely
Steve Euers
Chief Executive Officer

ANNUAL FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2022

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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 2022.

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
Jason LORD	Treasurer Internal Auditor & Chartered Accountant Appointed: July 2020	Nil
Greg FIEDLER	Director Financial Services Manager Appointed August 2007	Nil
Andrew ROBERTSON	Director Managing Director Appointed: April 2015	Nil
Andrew ADAM	Director Construction Company Director Appointed: May 2021	Nil
Ingrid STEWART	Director Real Estate Agent Appointed: May 2022	Nil
Graham JOSE	Treasurer Project Management Consultant Resigned: April 2022	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
James Beaumont	12	12
Simon Boyce	12	10
Jason Lord	12	12
Greg Fiedler	12	10
Andrew Robertson	12	11
Andrew Adam	12	10
Ingrid Stewart	7	6
Graham Jose	3	1

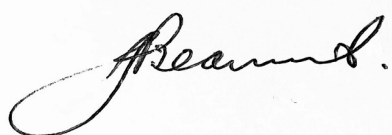
Membership Liability

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 2022 has been received and is included with the financial report.

Made and signed in accordance with a resolution of the Board of Directors this 23rd day of March 2023.



J. Beaumont
DIRECTOR/ PRESIDENT



J. Lord
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 2022 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

23 March 2023

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	360,955	547,615
Inventories	5	34,420	37,039
Financial assets	6	260,400	60,000
Other current assets	7	20,228	32,536
TOTAL CURRENT ASSETS		676,003	677,190
NON-CURRENT ASSETS			
Property, plant & equipment	8	442,702	388,522
Right of use assets	9	648,827	666,637
TOTAL NON-CURRENT ASSETS		1,091,529	1,055,159
TOTAL ASSETS		1,767,532	1,732,349
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other payables	10	203,809	169,327
Lease liabilities	11	195,925	170,875
Financial liabilities	12	3,007	28,608
Employee benefits liabilities	13	82,678	87,347
Other current liabilities	14	5,324	6,217
TOTAL CURRENT LIABILITIES		490,743	462,374
NON-CURRENT LIABILITIES			
Trade and Other payables	10	-	6,003
Lease liabilities	11	682,946	630,470
Financial liabilities	12	-	1,435
Employee benefits liabilities	13	5,905	4,539
Other non-current liabilities	14	25,343	25,533
TOTAL NON-CURRENT LIABILITIES		714,194	667,980
TOTAL LIABILITIES		1,204,937	1,130,354
NET ASSETS		562,595	601,995
MEMBERS FUNDS			
Accumulated Funds		562,595	601,995
TOTAL MEMBERS FUNDS		562,595	601,995
TOTAL LIABILITIES AND MEMBERS FUNDS		1,767,532	1,732,349

The accompanying notes form part of these Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
REVENUE			
Revenue from contracts with customers	2	2,681,071	2,003,177
Other Income	2	48,503	157,979
Total Revenue	2	2,729,574	2,161,156
EXPENSES			
Cost of goods sold		457,663	310,469
Electricity & gas		62,613	56,560
Employee benefit expenses		1,203,648	860,894
Insurance		67,946	62,307
Government subsidies repaid		38,046	-
Marketing, promotions and entertainment		274,034	169,329
Poker machine gaming duty		91,077	36,724
Property and maintenance		87,130	45,570
Other expenses		184,588	160,549
		2,466,745	1,702,402
Earnings before Interest and Depreciation		262,829	458,754
Interest income		11,641	327
Finance costs	3	(60,477)	(64,232)
Depreciation and amortisation	3	(253,393)	(308,419)
NET (LOSS) / PROFIT BEFORE INCOME TAX	3	(39,400)	86,430
Income tax expense (benefit)			
NET (LOSS) / PROFIT FOR THE YEAR	3	(39,400)	86,430
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		(39,400)	86,430

The accompanying notes form part of these Financial Statements

STATEMENT OF CHANGES OF EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Accumulated Funds	Total
	\$	\$
Balance 31 December 2020	515,565	515,565
Net profit attributable to members	<u>86,430</u>	<u>86,430</u>
Balance 31 December 2021	601,995	601,995
Net (loss) attributable to members	<u>(39,400)</u>	<u>(39,400)</u>
Balance 31 December 2022	<u>562,595</u>	<u>562,595</u>

The accompanying notes form part of these Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 \$	2021 \$
Operating Cash Flows			
Receipts from members and guests		3,006,630	2,187,265
Government receipts (repaid)/ received		(38,046)	136,000
Payments to suppliers & employees		(2,669,914)	(1,910,465)
Interest received		11,641	327
Financing costs paid		(60,477)	(64,681)
Net Operating Cash Flows	16	<u>249,834</u>	<u>348,946</u>
Investment Cash Flows			
Payment for property, plant and equipment		(77,793)	(98,151)
Payments for investments– term deposits		(204,400)	-
Receipts on sale of property, plant & equipment		3,182	(98,151)
Net Investment Cash Flows		<u>(275,011)</u>	<u>(98,151)</u>
Financing Cash Flows			
Repayment of loans		(27,036)	(164,303)
Payments to reduce lease liabilities		(134,447)	-
Funds from borrowings		-	20,000
Net Financing Cash Flows		<u>(161,483)</u>	<u>(144,303)</u>
Net Surplus / (Deficit) in Cash Flows		(186,660)	106,492
Cash at the Beginning of Financial Year		<u>547,615</u>	<u>441,123</u>
Cash at the end of Financial Year	4	<u>360,955</u>	<u>547,615</u>
Non-Cash Transactions			
Assets acquired by lease or hire purchase		99,991	-

The accompanying notes form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

The financial report is for Berowra RSL Club Ltd ("the Company/Club") as an individual entity, for the year ended 31 December 2022, and was authorised for issue in accordance with a resolution of the directors on 23 March 2023.

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

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial report and have been prepared in accordance with the Corporation Act 2001 and Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board ("AASB").

This financial report is the first report prepared in accordance with the Simplified Disclosures. In prior years the financial report was prepared in accordance with the Reduced Disclosure Requirements. There was no significant impact on the recognition and measurement of the amounts in the financial report, with the main changes being in relation to disclosures.

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.

Both the functional and presentation currency of the Club is Australian dollars (\$).

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 Clubs revenue, expenses, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 AASB9: *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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

(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

Club as Lessee – the Club applies a single recognition approach for all leases, except short-term leases and low value assets. The Club recognises lease liabilities to make lease payments and right-of-use (“ROU”) assets representing the right to use the underlying assets.

ROU Assets

The Club recognises the assets at the commencement date of the lease. ROU assets are measured at cost less any accumulated depreciation or impairment

losses. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Lease Liabilities

At the commencement of the lease, the Club recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, including any purchase option available at the end of the term where it is reasonably certain to be exercised by the Club.

In calculating the present value of lease payments, the Club uses its incremental borrowing rate at the lease commencement date unless the interest rate implicit in the lease can be determined. After commencement date, the lease liability is increased to reflect the interest accrued and reduced by the lease payments.

Short term leases and leases of low value assets

Club applies the recognition exemption for leases with a term at commencement of less than 12 months and to leases of assets considered to be of low value. Such lease payments are recognised as an expense over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

(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 attributable to employees with at least ten years' service is shown as a 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 and discount rates in order to calculate net present values for impairment calculations and for long-term liabilities.
- 3) To calculate the Clubs incremental cost of borrowing for lease 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 of 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 2022

	2022	2021
	\$	\$
NOTE 2:		
REVENUE		
Revenue from contracts with customers		
Revenue from services		
Gaming and provision of other services	1,368,547	1,066,183
Member subscriptions	24,771	28,606
	<u>1,393,318</u>	<u>1,094,789</u>
Revenue from sale of goods		
Sale of goods — food and beverages	1,287,753	908,388
	<u>1,287,753</u>	<u>908,388</u>
Total revenue from contracts with customers	<u>2,681,071</u>	<u>2,003,177</u>
Geographical Markets		
Australia	2,681,071	2,003,177
	<u>2,681,071</u>	<u>2,003,177</u>
Timing of Revenue Recognition		
Goods and services at point of time	2,656,300	1,974,511
Serviced transferred over time	24,771	28,606
	<u>2,681,071</u>	<u>2,003,177</u>
Other Income		
Government Grants—COVID-19	-	136,500
Profit on sale of property, plant & equipment	3182	-
Insurance claim	25,256	-
Other income	20,065	21,479
Total other income	<u>48,503</u>	<u>157,979</u>
Total Revenue	<u>2,729,574</u>	<u>2,161,156</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
NOTE 3:		
PROFIT FOR THE YEAR		
The Net Profit for the year has been determined after charging for:		
Finance costs:		
- Interest paid	2,562	6,968
Lease charges & interest	4,123	-
- Interest on right of use assets	53,792	57,264
	<u>60,477</u>	<u>64,232</u>
Profit on sale of assets:		
- Profit on sale of plant and equipment	3,181	-
	<u>3,181</u>	<u>-</u>
Depreciation and amortisation:		
- Leasehold improvements	26,393	41,080
- Plant and equipment	97,210	133,645
- Right of use assets — plant & equipment	42,713	54,531
- Right of use assets—Club premises	87,077	79,163
	<u>253,393</u>	<u>308,419</u>
Superannuation - defined contributions plan	103,083	70,146
	<u>103,083</u>	<u>70,146</u>
Auditors remuneration		
- Audit of the financial statements	14,000	14,000
- Other services	6,100	8,295
	<u>20,100</u>	<u>22,295</u>
Government Grants — COVID-19		
- JobSaver wages subsidy repaid	(38,046)	-
- Cashflow boost and other subsidies	-	136,500
	<u>(38,046)</u>	<u>136,500</u>
NOTE 4:		
CASH AND CASH EQUIVALENTS		
Cash at bank	305,855	487,515
Cash on hand	55,100	60,100
	<u>360,955</u>	<u>547,615</u>
NOTE 5:		
INVENTORIES		
Bar stock	23,987	27,735
Bistro stock	10,433	9,304
Stock on hand at cost	<u>34,420</u>	<u>37,039</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
NOTE 6:	\$	\$
FINANCIAL ASSETS		
Current -		
Bank fixed interest deposits (a)	<u>260,400</u>	<u>60,000</u>

(a) A \$60,000 term deposit has been used to secure a bank guarantee required by the premises lease agreement

NOTE 7:

OTHER CURRENT ASSETS

Prepayments	8,107	7,907
Trade and sundry debtors	<u>12,121</u>	<u>24,629</u>
	<u>20,228</u>	<u>32,536</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
NOTE 8:		
PLANT AND EQUIPMENT		
Furniture, fittings, plant & equipment, at cost	471,975	468,139
Provision for depreciation	(352,624)	(330,194)
	<u>119,351</u>	<u>137,945</u>
Motor vehicles, at cost	16,131	22,727
Provision for depreciation	(2,281)	(22,727)
	<u>13,850</u>	<u>-</u>
Leasehold improvements, at cost	407,433	421,340
Provision for depreciation	(315,256)	(302,770)
	<u>92,178</u>	<u>118,570</u>
Poker machines, at cost	921,781	807,162
Provision for depreciation	(704,458)	(675,155)
	<u>217,323</u>	<u>132,007</u>
Total Plant and Equipment	<u>442,702</u>	<u>388,522</u>
Reconciliation of Carrying Values		
Furniture, fittings, plant & equipment		
Carrying value at start of year	137,945	150,594
Additions	21,137	38,091
Depreciation	(39,731)	(50,740)
Carrying value at end of year	<u>119,351</u>	<u>137,945</u>
Motor Vehicles		
Carrying value at start of year	-	-
Additions	16,131	-
Proceeds from sale	(3,182)	-
Profit on sale	3,182	-
Depreciation	(2,281)	-
Carrying value at end of year	<u>13,850</u>	<u>-</u>
Leasehold Improvements		
Carrying value at start of year	118,570	151,196
Additions	-	8,454
Depreciation	(26,393)	(41,080)
Carrying value at end of year	<u>92,178</u>	<u>118,570</u>
Poker Machines		
Carrying value at start of year	132,007	165,022
Additions	140,515	49,890
Depreciation	(55,199)	(82,905)
Carrying value at end of year	<u>217,323</u>	<u>132,007</u>
	<u>442,702</u>	<u>388,522</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
NOTE 9:		
RIGHT OF USE ASSETS		
Leased plant and equipment	36,295	249,019
Provision for depreciation	(26,011)	(196,022)
	<u>10,284</u>	<u>52,997</u>
Leased Club premises	1,245,269	1,133,289
Provision for depreciation	(606,726)	(519,649)
	<u>638,543</u>	<u>613,640</u>
Total Right of use assets	<u>648,827</u>	<u>666,637</u>
Reconciliation of Carrying Values		
Leased plant and equipment		
Carrying value at start of year	52,997	107,813
Other adjustments	-	285
Depreciation	(42,713)	(54,531)
Carrying value at year end	<u>10,284</u>	<u>52,997</u>
Leased Club premises		
Carrying value at start of year	613,640	690,353
Other adjustments	111,980	2,450
Depreciation	(87,077)	(79,163)
Carrying value at year end	<u>638,543</u>	<u>613,640</u>
	<u>648,827</u>	<u>666,637</u>
NOTE 10:		
TRADE AND OTHER PAYABLES		
Trade creditors and accruals	196,735	126,983
Tax liabilities	-	17,703
Deferred rent payable	7,074	30,644
	<u>203,809</u>	<u>175,330</u>
Represented by:-		
Current	203,809	169,327
Non-Current (due within 2 - 5 years)	-	6,003
	<u>203,809</u>	<u>175,330</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	2021 \$
NOTE 11:		
LEASE LIABILITIES		
Lease liabilities plant and equipment	104,999	57,726
Lease liabilities Club premises	773,872	743,619
	<u>878,871</u>	<u>801,345</u>
 Represented by:-		
Current	195,925	170,875
Non-Current (due within 2 – 10 years)	682,946	630,470
	<u>878,871</u>	<u>801,345</u>
 Total cash outflows for lease payments	192,362	186,020
 Reconciliation of carrying values		
Carrying value at start of year	801,345	927,651
Add interest	57,916	57,264
Add new leases commenced	99,991	-
Other Adjustments	111,981	2,450
Less repayments	<u>(192,362)</u>	<u>(186,020)</u>
Carrying value at end	<u>878,871</u>	<u>801,345</u>

The Club has entered a Type 4 Agreement with Aristocrat for the supply of poker machines which requires monthly payments over 36 months. The liabilities are secured by the leased assets.

The Club has a lease with the landlord of the Club's premises which requires monthly rental payments until 30 September 2029. This is an operating lease over a right of use asset.

The Club has a lease for photocopier requiring monthly rental payments over 60 months. This is an operating lease over a right of use asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 12:	2022	2021
FINANCIAL LIABILITIES	\$	\$
Current		
Secured Loan	3,007	28,608
	<u>3,007</u>	<u>28,608</u>
Non-Current		
Secured Loan (due within 2-5 years)	-	1,435
	<u>-</u>	<u>1,435</u>

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

The carrying value of the secured assets is \$8,247

The weighted average interest rate on the loan is 16.86%

NOTE 13:	2022	2021
EMPLOYEE BENEFITS LIABILITIES	\$	\$
Accrued annual leave	81,124	68,822
Long service leave	7,459	23,064
	<u>88,583</u>	<u>91,886</u>
Represented by:-		
Current	82,678	87,347
Non-Current	5,905	4,539
	<u>88,583</u>	<u>91,886</u>

Note14:	2022	2021
OTHER LIABILITIES	\$	\$
Current -		
Income received in advance	5,324	6,217
Non-Current -		
Income received in advance	25,343	25,533

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Note: 15.	2022	2021
CAPITAL AND LEASING COMMITMENTS	\$	\$
(a) Capital Expenditure Commitments		
Capital commitments at balance date:	Nil	Nil
(b) Contingent Liabilities		
(1) Bank guarantees	\$60,000	\$60,000
(2) Gaming machine jackpots	\$10,000	\$10,000
(3) There are no material legal matters pending against the Club		
	2022	2021
	\$	\$
NOTE 16:		
CASH FLOW INFORMATION		
(a) Reconciliation of Operating Loss After Tax to Net Operating Cash Flows		
Operating (Loss) / profit after tax	(39,400)	86,430
Non-cash (Income) and expenses -		
Depreciation and amortisation	253,393	307,970
(Profit) / Loss on disposal assets	(3,182)	-
Changes in assets and liabilities -		
Decrease / (Increase) in inventories	2,620	(8,096)
Decrease / (Increase) in other assets	12,307	(21,390)
(Decrease) / Increase in payables	28,479	(29,240)
(Decrease) / Increase in other liabilities	(1,080)	(10,506)
(Decrease) / Increase in employee benefits liabilities	(3,303)	23,778
Net Operating Cash Flows	<u>249,834</u>	<u>348,946</u>
(b) Financing Facilities		
The Club has the following financing facilities:		
Bank overdraft facility	45,000	45,000
Amounts used	-	-
Unused facilities	<u>45,000</u>	<u>45,000</u>
NOTE 17:	2022	2021
KEY MANAGEMENT PERSONNEL	\$	\$
Total compensation of key management personnel	<u>172,675</u>	<u>159,682</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, except:

In February 2023 the Club extended the lease over the Club's premises for a further 5 years with the final option period now ending 30 September 2034.

NOTE 20:

MEMBER GUARANTEE

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 2022 the number of members was 2,884 and the total member liability is \$14,420.

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 – Simplified Disclosure.

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 – Simplified Disclosure;
 - b) give a true and fair view of the Company's financial position as at 31 December 2022 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 23rd day of March 2023.



Jim Beaumont
Director/ President



Jason Lord
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 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 2022 and of its performance for the year then ended; and
- B) complying with Australian Accounting Standards – Simplified Disclosure 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 2022, 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 2023

David Smith Director

Brigden & Partners Pty Ltd, Chartered Accountants