



ANNUAL REPORT 2021



Earlwood-Bardwell Park RSL Club Limited

ABN 67 000 994 794

Annual report for the year ended 31 December 2021

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Directors' report

Your directors present their report on the Club for the financial year ended 31 December 2021.

Directors

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

G Bernhardt	- Chairperson
Qualifications	- Licensed Real Estate Proprietor
Experience	- Board member since 2007
Meetings	- Attended 13 out of 13 Directors' meetings
J Farquharson	- Deputy Chairperson
Qualifications	- Administration Manager
Experience	- Board member since 2016
Meetings	- Attended 13 out of 13 Directors' meetings
D Nikolopoulos	- Director
Qualifications	- Licensed Real Estate Proprietor
Experience	- Board member since 2018
Meetings	- Attended 13 out of 13 Directors' meetings
S B Murray	- Director
Qualifications	- Retired
Experience	- Board member since 1996
Meetings	- Attended 13 out of 13 Directors' meetings
T W Lewis	- Director
Qualifications	- Retired
Experience	- Board member since 1996
Meetings	- Attended 13 out of 13 Directors' meetings
B W White	- Director
Qualifications	- Recoveries Officer
Experience	- Board member since 1998
Meetings	- Attended 13 out of 13 Directors' meetings
G J Gearin	- Director
Qualifications	- Civil Engineer
Experience	- Board member since 2018
Meetings	- Attended 13 out of 13 Directors' meetings

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

Principal activities

The principal activity of the Club in the course of the financial year was to provide members and their guests with the amenities and facilities usually associated with a social club. No significant change in the nature of the activity occurred during the year.

Short and long term objectives

The Club's short and long term objectives are to generate sufficient operating profits to:

- continually provide improved amenities and facilities to members and their guests; and
- Meet and exceed its community development and support expenditure.

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

- The Club strives to attract and retain quality staff who are committed to the Club, its members and guests. The Club believes that attracting and retaining quality staff will assist with the success of the Club in both the short-term and long-term.
- Continually re-investing profits generated back into the facilities of the Club to provide an attractive venue for patrons to visit and utilise.

Review of operations and financial results

The Club measures its performance against the 'profit before tax' key performance indicator. The Club's loss before tax of \$180,150 (2020: profit before tax \$2,947,248) is predominantly due to the economic impacts of the COVID-19 pandemic which has continued to disrupt operations during the year including a period of July to September where the Club was shut due to lockdown measures.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which spread throughout Australia. The spread of COVID-19 caused significant volatility in Australia. The outbreak and response of Governments in dealing with the pandemic, particularly with regards to the hospitality industry, significantly affected and continues to affect general activity levels within the community, the economy and the operations of our Club which was fully closed for the period of time noted above resulting in no revenue for this period. The Club was closed for a total of 15 weeks during the 2021 year. While restrictions have been lifted, the Club continues to face operational challenges and revenues have not returned to pre COVID levels.

The cash generated from trading was largely used to refurbish the exterior façade and update the Club's plant and equipment. The result for year ended 31 December 2021 represents a 53 week period ending 2 January 2022 (2020: 52 week period ending 27 December 2020).

Capital and membership

The Club is incorporated under the Corporations Act 2001 and is a Club limited by guarantee and as such has no share capital. If the Club is wound up, the constitution states, that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the Club. At 31 December 2021 the collective liability of members was \$57,965 (2020: \$56,170). The number of members at 31 December 2021 was 11,596. (2020: 11,234).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of this Directors report.

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



Gerry Bernhardt
Chairperson

Bardwell Park, dated this 17th day of February 2022

Auditor's Independence Declaration

To the Directors of Earlwood-Bardwell Park RSL Club Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Earlwood-Bardwell Park RSL Club Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 17 February 2022

Statement of profit or loss and other comprehensive income

For year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	2	14,286,674	18,109,570
Other income	3	631,972	2,226,663
Gaming machine expenses		(5,572,072)	(6,639,846)
Bar and coffee bar expenses		(2,072,325)	(1,973,549)
Keno expenses		(4,244)	(5,099)
Greens expenses		(58,362)	(69,546)
Administration expenses		(7,306,233)	(8,604,242)
Finance costs		(9,760)	(22,028)
Rental property expenses		(75,800)	(74,675)
(Loss)/profit before income tax	4	<u>(180,150)</u>	<u>2,947,248</u>
Income tax expense	5	<u>(63,721)</u>	<u>(109,006)</u>
(Loss)/profit after income tax		<u>(243,871)</u>	<u>2,838,242</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (loss)/ income for the year		<u>(243,871)</u>	<u>2,838,242</u>

Statement of financial position

As at 31 December 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	8	17,161,367	13,984,747
Trade and other receivables	9	17,346	11,866
Inventories	10	117,333	118,836
Prepayments		156,758	138,558
Other financial assets	11	7,090,089	9,826,842
Current tax receivable	15	20,172	-
Total current assets		<u>24,563,065</u>	<u>24,080,849</u>
Non-current assets			
Property, plant and equipment	12	19,630,653	19,879,345
Investment property	13	881,786	926,198
Other financial assets	11	5,685,231	5,853,810
Intangible assets	14	2,126,452	2,126,452
Deferred tax assets	15	77,373	55,065
Right of use assets	16	185,563	242,090
Total non-current assets		<u>28,587,058</u>	<u>29,082,960</u>
Total assets		<u>53,150,123</u>	<u>53,163,809</u>
Current liabilities			
Trade and other payables	17	1,383,239	1,247,355
Short-term provisions	18	1,415,046	1,203,053
Current tax payable	15	-	49,294
Borrowings		-	40,589
Lease liabilities	19	59,455	55,556
Total current liabilities		<u>2,857,740</u>	<u>2,595,847</u>
Non-current liabilities			
Deferred tax liability	15	83,260	18,745
Long-term provisions	18	119,368	158,414
Lease liabilities	19	139,433	196,610
Total non-current liabilities		<u>342,061</u>	<u>373,769</u>
Total liabilities		<u>3,199,801</u>	<u>2,969,616</u>
Net assets		<u>49,950,322</u>	<u>50,194,193</u>
Equity			
Retained earnings		<u>49,950,322</u>	<u>50,194,193</u>
Total equity		<u>49,950,322</u>	<u>50,194,193</u>

Statement of changes in equity

For year ended 31 December 2021

	Retained earnings \$	Total \$
Balance at 1 January 2020	47,355,951	47,355,951
Profit for the year	2,838,242	2,838,242
Other comprehensive income	-	-
Total comprehensive income	2,838,242	2,838,242
Balance at 31 December 2020	50,194,193	50,194,193
Loss for the year	(243,871)	(243,871)
Other comprehensive income	-	-
Total comprehensive loss	(243,871)	(243,871)
Balance at 31 December 2021	49,950,322	49,950,322

Statement of cash flows

For year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Receipts from customers		15,703,751	20,141,812
Receipts from government		453,798	1,141,000
Payments to suppliers and employees		(10,578,373)	(12,515,168)
Gaming duty paid		(2,370,696)	(3,350,179)
Interest received		166,084	336,150
Interest paid		(9,760)	(22,028)
Income tax (paid)/received		(90,980)	106,414
		<hr/>	<hr/>
Net cash provided by operating activities	21	3,273,824	5,838,001
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,896,424)	(1,658,155)
Proceeds from sale of investment property		-	1,320,861
Proceeds from/(payments for) term deposits		2,905,331	(9,572,046)
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		8,907	(9,909,340)
Cash flow from financing activities			
Repayment of borrowings		(40,589)	(297,045)
Repayment of lease liabilities		(65,522)	(63,706)
		<hr/>	<hr/>
Net cash used in financing activities		(106,111)	(360,751)
		<hr/>	<hr/>
Net increase / (decrease) in cash held		3,176,620	(4,432,090)
Cash at beginning of year		13,984,747	18,416,837
		<hr/>	<hr/>
Cash at end of year	8	17,161,367	13,984,747
		<hr/>	<hr/>

Notes to the financial statements

For the year ended 31 December 2021

Note 1: Statement of significant accounting policies

General information and statement of compliance

The financial report includes the financial statements and notes of Earlwood-Bardwell Park RSL Club Limited. Earlwood-Bardwell Park RSL Club Limited is a Club limited by guarantee, incorporated and domiciled in Australia.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. Earlwood-Bardwell Park RSL Club Limited is a not-for-profit entity for the purpose of preparing the financial statements.

These financial statements for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 17 February 2022.

Summary of accounting policies

Reporting basis and conventions

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. The accounting policies have been consistently applied, unless otherwise stated. The measurement bases are more fully described in the accounting policies below. The result for year ended 31 December 2021 represents a 53 week period ending 2nd January 2022 (2020: 52 week period ending 27 December 2020).

New and revised standards that are effective for these financial statements

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Accounting policies

a. Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Due to the doctrine of mutuality, the Club is taxed on net income from non-members and other external sources only, and accordingly taxable income does not relate to net profit before tax disclosed in the statement of profit or loss and other comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Note 1: Statement of significant accounting policies (cont)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Club's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

b. Inventories

Liquor and food stocks have been valued at the lower of cost and net realisable value, on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Full provision has been made for deterioration and obsolescence of inventories where appropriate.

c. Property, Plant and Equipment

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

Property

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

Plant and equipment

Plant and equipment are measured on the cost basis less 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

Depreciation rates used for each class of depreciable assets are:

Note 1: Statement of significant accounting policies (cont)

c. Property, Plant and Equipment (cont)

Class of fixed asset	Depreciation rate
Buildings	2-5%
Leasehold improvements	7-27%
Motor vehicles	15%
Furniture, fittings, and equipment	2.5-40%

The assets' residual values and useful lives are updated as required, but at least annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

d. Investment Property

Investment property, comprising rental properties, is held to generate long-term rental yields and capital appreciation. All tenant leases are on an arm's length basis. Investment property is carried at cost, less subsequent depreciation.

Class of asset	Depreciation
Investment property	2-3%

e. Leased Assets and Liability

The Club as a lessee

For any new contracts entered into, the Club considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Club assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Club
- the Club has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Club has the right to direct the use of the identified asset throughout the period of use. The Club assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Note 1: Statement of significant accounting policies (cont)

e. Leased Assets and Liability (cont)

Measurement and recognition of leases as a lessee

At lease commencement date, the Club recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Club, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Club depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Club also assesses the right-of use asset for impairment when such indicators exist.

At the commencement date, the Club measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Club's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Club has elected to account for short-term leases and leases of low-value assets using the practical expedients.

Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in right-of-use asset and lease liabilities have been included in borrowings.

Note 1: Statement of significant accounting policies (cont)

f. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Club assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

g. 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 an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Intangible Assets

Gaming machine entitlements are valued in the accounts at cost of acquisition. Gaming machine entitlements are not amortised as these entitlements have an indefinite life for which value in use exceeds original cost. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

Gaming licences are valued in the accounts at cost of acquisition less impairment over the life of the licence.

i. Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at their net present value.

Note 1: Statement of significant accounting policies (cont)

j. Provisions

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. 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.

Cash held in term deposits with a maturity date greater than three months from year-end are classified as other financial assets.

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.

l. Revenue

Revenue arises mainly from the sale of goods (from the provision of beverages, food and other goods) and rendering of service (comprising revenues from gaming facilities, commissions and other services).

To determine whether to recognise revenue, the Club follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Club satisfies performance obligations by transferring the promised goods or services to its customers.

The Club recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Club satisfies a performance obligation before it receives the consideration, the Club recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

Sale of goods

Revenue from the sale of goods comprises revenue earned from the provision of food and beverages and is recognised at the point in time, upon the consumer obtaining the good, which is generally at the time of delivery.

Note 1: Statement of significant accounting policies (cont)

Rendering of services

Revenue from rendering of services comprises from gaming facilities and other services to members and other patrons of the Club and is recognised at a point in time.

Membership subscriptions

Revenue from membership subscriptions is recognised over time as the member consumes the benefit of the membership, which is over the life of the membership.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

The Club earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the short term rental period.

Government grants

In accordance with AASB 120, Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions complied with. The income received has been matched with the period in which the corresponding expense was incurred. During the period, the Club received JobSaver which is presented in the Statement of Profit or Loss of Comprehensive income as \$453,798.

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised expensed in the year in which they are incurred.

n. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

o. Goods and Services 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 the expense. Receivables and payables are stated 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.

Note 1: Statement of significant accounting policies (cont)

p. Club Limited by Guarantee

On the 16th of May 1972, the Club was incorporated in New South Wales under the NSW Companies Act 1961, as a Club limited by guarantee. The amount of the guarantee is limited by the memorandum of association to \$5 per member. This guarantee is not capable of being called up except for the purpose of winding up of the Club.

q. Critical accounting estimates and judgments

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. 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, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for intangible assets with indefinite useful life.

Customer Loyalty Program

The Club operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale. Expense from the award points is recognised when the points are redeemed. The amount of expense is based on the number of points redeemed relative to the total number expected to be redeemed.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to obsolescence that may change the utility of the assets.

Note 2: Revenue

	2021 \$	2020 \$
Revenue		
<i>Recognised at a point in time:</i>		
Gaming machine	11,878,693	15,551,627
Bar and restaurant	2,018,311	2,244,538
Keno commissions	49,129	50,662
Green fees	5,155	8,315
<i>Recognised over time:</i>		
Rental income	28,000	3,750
Gym revenue	90,988	35,493
Property rental income	80,019	85,124
Other revenue	136,379	130,061
	<hr/>	<hr/>
Total revenue	14,286,674	18,109,570

Note 3: Other income

	2021 \$	2020 \$
Other income		
JobSaver subsidy	453,798	-
JobKeeper subsidy	-	1,041,000
Cash flow boost	-	100,000
Grant income	453,798	1,141,000
	<hr/>	<hr/>
Interest received	166,084	336,150
Rental rebates	12,090	16,890
Gain on sale of investment property	-	732,623
	<hr/>	<hr/>
Total other income	631,972	2,226,663

Note 4: (Loss)/ profit before income tax

	2021 \$	2020 \$
Expenses		
Cost of sales	685,208	763,469
Finance costs – external		
- borrowing expense	403	10,569
- lease interest expense	9,357	11,459
Depreciation of non-current assets		
- property, plant and equipment	2,714,455	2,955,209
- investment property	45,317	35,568
- leasehold improvements	399,068	389,988
- right-of-use asset depreciation	59,414	58,377
Net loss on sale of assets	30,689	49,021
Employee related expenses	4,460,089	5,976,957

Note 5: Income Tax Expense

	2021 \$	2020 \$
a. The components of tax expense comprise:		
Current tax		
- Current year	(24,126)	89,320
- Understatement of prior year	21,514	-
Deferred tax		
- Current year	3,360	19,686
- Understatement of prior year	62,973	-
	<u>63,721</u>	<u>109,006</u>
b. The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on (loss)/profit before income tax at 25% (2020: 27.5%)	(45,037)	810,493
Add tax effect of:		
- other non-deductible items	13,935	17,717
- capital gain upon sale of investment property	-	202,885
- overstatement of prior year income tax receivable	84,487	-
	<u>-</u>	<u>(251,227)</u>
Less tax effect of:		
- deductible wages due to JobKeeper subsidy	-	(1,094)
- tax loss on sale of fixed assets	(575)	(269,549)
- income tax attributable to members	98,152	(2,838)
- capital allowance (2.5% building write-off)	(84,661)	(113,664)
- allowable depreciation	-	(201,471)
- accounting profit upon sale of investment property	-	(82,246)
- understatement of prior year income tax receivable	-	-
	<u>63,721</u>	<u>109,006</u>
Income tax expense	<u>63,721</u>	<u>109,006</u>
The applicable weighted average effective tax rates are as follows:	35.4%	3.7%

Note 6: Key Management Personnel Compensation

Key Management Personnel

a. Directors

The directors who have held office during the financial year are:

G J Gearin	B W White	D Nikolopoulos	G Bernhardt
T W Lewis	J Farquharson	S B Murray	

b. Key management personnel

Key management personnel are the Directors and Executives of Earlwood-Bardwell Park RSL Club Limited. Compensation paid to the key management personnel during the financial year is:

	2021 \$	2020 \$
Total compensation	<u>1,301,933</u>	<u>1,351,192</u>

Note 7: Auditors' Remuneration

	2021 \$	2020 \$
Remuneration of the auditor for:		
- audit services	54,310	57,500
- other services	15,800	14,650
	<u>70,110</u>	<u>72,150</u>
Total auditors' remuneration	<u>70,110</u>	<u>72,150</u>

Note 8: Cash and Cash Equivalents

	2021 \$	2020 \$
Cash, at bank and on hand	17,161,367	13,984,747

a. Credit Standby Arrangement and Loan Facilities

Type of facility	Amount of Facility	Amount of facility unused
Bank loan	1,184,000	1,184,000

The bank loan is arranged with the National Australia Bank with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustments.

Note 9: Trade and Other Receivables

	2021 \$	2020 \$
Trade receivables	14,073	2,940
Less: allowance for expected credit losses	(7,331)	(225)
Other receivables	10,604	9,151
Total trade and other receivables	17,346	11,866

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss was recognised at balance date. At 31 December 2021, the ageing analysis of trade receivables is as follows:

	Total \$	0-30 days \$	31-60 days \$	61-90 days \$	+91 days \$
Trade receivables	14,073	6,967	-	7,106	-

Note 10: Inventories

	2021 \$	2020 \$
Current		
Liquor and food supplies at cost	117,333	118,836

Note 11: Other Financial Assets

	2021 \$	2020 \$
Current		
Term deposits	7,090,089	9,826,842
Total other financial assets, current	7,090,089	9,826,842
Non-current		
Government bonds	5,685,231	5,853,810
Total other financial assets, non-current	5,685,231	5,853,810

Note 12: Property, Plant and Equipment

	2021 \$	2020 \$
Land and buildings		
Freehold land and buildings at cost:		
Hartill-Law Avenue, Bardwell Park	190,000	190,000
Buildings	20,129,173	18,229,780
Less accumulated depreciation	(7,938,213)	(7,495,253)
Total land and buildings	12,380,960	10,924,527

Note 12: Property, Plant and Equipment (cont)

Leasehold improvements	2021	2020
Leasehold improvements at cost:	\$	\$
Doris Avenue, Earlwood	4,123,734	4,123,734
Less accumulated amortisation	(2,732,807)	(2,333,739)
Total leasehold improvements	<u>1,390,927</u>	<u>1,789,995</u>
Furniture, fittings and equipment		
At cost	21,776,468	21,441,911
Less accumulated depreciation	(16,009,591)	(14,372,496)
Total furniture, fittings and equipment	<u>5,766,877</u>	<u>7,069,415</u>
Motor vehicles		
At cost	12,317	12,317
Less accumulated depreciation	(12,317)	(11,232)
Total motor vehicles	<u>-</u>	<u>1,085</u>
Construction work in progress, at cost	<u>91,889</u>	<u>94,323</u>
Total property, plant and equipment	<u><u>19,630,653</u></u>	<u><u>19,879,345</u></u>

a. Movements in Carrying Amounts

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

	Freehold Land & Buildings	Leasehold Improvements	Motor Vehicles	Furniture, Fittings & Equipment	Construction work in progress	Total
	\$	\$	\$	\$	\$	\$
1 January 2021	10,924,527	1,789,995	1,085	7,069,415	94,323	19,879,345
Additions	1,899,393	-	-	998,560	-	2,897,953
Disposals	-	-	-	(30,688)	(2,434)	(33,122)
Depreciation	(442,960)	(399,068)	(1,085)	(2,270,410)	-	(3,113,523)
31 December 2021	<u>12,380,960</u>	<u>1,390,927</u>	<u>-</u>	<u>5,766,877</u>	<u>91,889</u>	<u>19,630,653</u>

b. Core property assets

Under the Registered Clubs' Act the Club is to define its core assets. The Core assets of the Club are freehold land and building situated at 18 Hartill-Law Avenue Bardwell Park NSW 2207 and Leasehold building situated at Doris Avenue Earlwood NSW 2206. The Clubs Investment Properties are defined under the Act as Non-Core.

Note 13: Investment Properties

	2021	2020
	\$	\$
Investment properties		
Cost	1,423,653	1,422,748
Accumulated depreciation	(541,867)	(496,550)
Total investment properties	<u>881,786</u>	<u>926,198</u>

Note 13: Investment Properties (cont)

a. Movements in Carrying Amounts

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

	Investment properties \$	Total \$
Balance at 1 January 2021	926,198	926,198
Additions	905	905
Disposals	-	-
Depreciation expense	(45,317)	(45,317)
Balance at 31 December 2021	<u>881,786</u>	<u>881,786</u>

Note 14: Intangible Assets

	2021 \$	2020 \$
Gaming machine entitlements		
Cost	<u>2,126,452</u>	<u>2,126,452</u>
Total intangible assets	<u>2,126,452</u>	<u>2,126,452</u>

a. Movements in carrying amounts

	Gaming Machine Entitlements \$	Total \$
Balance at 1 January 2020	2,126,452	2,126,452
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at 31 December 2020	<u>2,126,452</u>	<u>2,126,452</u>
Balance at 1 January 2021	2,126,452	2,126,452
Additions	-	-
Disposals	-	-
Amortisation expense	-	-
Balance at 31 December 2021	<u>2,126,452</u>	<u>2,126,452</u>

Note 15: Tax

	2021	2020
	\$	\$
a. Assets		
Non-current		
Deferred tax assets comprise:		
- provisions	47,188	45,837
- black hole expenditure	2,310	5,081
- right-of-use asset and lease liability	408	339
- tax losses	24,126	-
- other timing differences	3,341	3,808
	<u>77,373</u>	<u>55,065</u>
b. Liabilities		
Current		
Current tax (payable)/receivable	<u>20,172</u>	<u>(49,294)</u>
c. Reconciliations		
i. Deferred tax asset		
The overall movement in the deferred tax account is as follows:		
- opening balance	55,065	56,008
- debit/(credit) to profit or loss	22,308	(943)
Closing balance	<u>77,373</u>	<u>55,065</u>
ii. Deferred tax liabilities		
The overall movement in the deferred tax account is as follows:		
- opening balance	(18,745)	-
- debit/(credit) to profit or loss	(64,515)	(18,745)
Closing balance	<u>(83,260)</u>	<u>(18,745)</u>

Note 16: Right-of-use assets

	2021	2020
	\$	\$
Right-of-use assets		
Land – right-of-use	327,680	324,793
Accumulated depreciation	<u>(142,117)</u>	<u>(82,703)</u>
	<u>185,563</u>	<u>242,090</u>
a. Movements in carrying amounts		
Opening balance	242,090	142,243
Additions	2,887	158,224
Depreciation	(59,414)	(58,377)
Closing balance	<u>185,563</u>	<u>242,090</u>

Note 17: Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade creditors and accruals	428,091	269,204
Sundry payables	901,996	925,351
Contract liabilities	53,152	52,800
	<u>1,383,239</u>	<u>1,247,355</u>

Note 18: Provisions

	Employee benefits \$	Loyalty Points \$	Total \$
Opening balance at 1 January 2021	1,296,859	64,608	1,361,467
Provisions raised during the year	152,902	20,045	172,947
Balance at 31 December 2021	<u>1,449,761</u>	<u>84,653</u>	<u>1,534,414</u>

	2021 \$	2020 \$
Analysis of total provisions		
Current	1,415,046	1,203,053
Non-current	119,368	158,414
Total provisions	<u>1,534,414</u>	<u>1,361,467</u>

Note 19: Lease Liability

	2021 \$	2020 \$
Current		
Lease liabilities	59,455	55,556
	<u>59,455</u>	<u>55,556</u>
Non-current		
Lease liabilities	139,433	196,610
	<u>139,433</u>	<u>196,610</u>

	2021 \$	2020 \$
Movement in lease liability		
Opening lease liability	252,166	146,189
New lease obligations	-	169,683
Lease adjustments	12,243	-
Repayment amount	(65,522)	(63,706)
Closing lease liability	<u>198,887</u>	<u>252,166</u>

Note 20: Leases

On the statement of financial position lease liabilities have been included in lease liabilities.

	2021 \$	2020 \$
Right of use assets	185,563	242,090
Lease liabilities (current)	59,455	55,556
Lease liabilities (non-current)	139,433	196,610

The Club has leases for premises and fixed assets including printers and gaming machines. The weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 is 3.98% for property leases and 5.49% for equipment leases.

Lease payments not recognised as a liability

The Club has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

	2021 \$	2020 \$
Short-term leases	9,657	9,375
	<u>9,657</u>	<u>9,657</u>

Note 21: Cash Flow Information

	2021 \$	2020 \$
a. Reconciliation of Cash Flow from Operations with (Loss)/Profit after Income Tax		
(Loss)/profit after income tax	(243,871)	2,838,242
Non-cash flows in profit		
Depreciation	3,218,254	3,439,142
Net loss / (gain) on sale of assets	30,689	(683,602)
Interest on lease liability	9,357	11,459
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(5,480)	79,346
Decrease/(increase) in inventories	1,503	(12,623)
(Increase)/decrease in prepayments	(18,200)	16,483
(Increase)/decrease in deferred tax assets	(22,308)	943
(Decrease)/increase in current tax	(69,466)	195,732
Increase/(decrease) in trade and other payables	135,884	(110,616)
Increase in deferred tax liabilities	64,515	18,745
Increase in provisions	172,947	44,750
Cash flows from operations	3,273,824	5,838,001

Note 22: Segment Reporting

The Club operates as a registered Club within Australia in the hospitality, leisure and entertainment industry.

Note 23: Related Party Transactions

No material transactions with related parties took place during the year other than key management personnel remuneration – this is disclosed in Note 6.

Note 24: Contingent Liabilities

The Club does not have any contingent liabilities as at 31 December 2021 (2020: \$nil).

Note 25: Events After the Balance Sheet Date

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

The financial report was authorised for issue on 17th February 2022 by the board of directors.

Note 26: Club Details

The registered office of the Club is:
Earlwood-Bardwell Park RSL
Hartill-Law Avenue
Bardwell Park NSW 2207

The operating locations of the Club are:
Hartill-Law Avenue
Bardwell Park NSW 2207

Doris Avenue
Earlwood NSW 2206

Directors' declaration

In the opinion of the directors of Earlwood-Bardwell Park RSL Club Limited:

1. The financial statements and notes, as set out on pages 5 to 24, are in accordance with the Corporations Act 2001; including
 - a Complying with Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b giving a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date; and
2. There are reasonable grounds to believe that Earlwood-Bardwell Park RSL Club Limited will be able to pay its debts as and when they become due and payable.

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



Gerry Bernhardt
Chairperson

Bardwell Park, dated this 17th day of February 2022

Independent Auditor's Report

To the Members of Earlwood-Bardwell Park RSL Club Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Earlwood-Bardwell Park 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 the Company 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 ended on that date; and
- 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes 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.

Auditor's responsibilities for the audit of the financial report

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 17 February 2022