2022

Castle Hill RSL Club Limited

ABN 35 001 043 910

General Purpose (SD)

Financial Report for the year ended 30 June 2022

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Directors' report

Your directors submit their report of Castle Hill RSL Club Limited (the "Company/Club") and its controlled entities (collectively referred to as the "Group") for the year ended 30 June 2022.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Warren Edward Glenny	(Appointed: 29 June 1994; Resigned as President: 26 July 2021; Resigned as Director: 7 December 2021)
John Richard Payne (President)	(Appointed: 25 October 2016: Appointed President: 26 July 2021)
Rick Anthony Cumming	(Appointed: 29 November 1995)
Robert Bruce Duncan	(Appointed: 12 October 1993)
David Bruce Wood	(Appointed: 27 April 1994)
Annemarie Kate Christie	(Appointed: 25 October 2016)
Michael Yeo	(Appointed: 25 October 2016)
John Richard Hopwood	(Appointed: 27 October 2020)
John James Mason	(Appointed: 6 October 2021)
Shubhada Gandhi	(Appointed: 19 January 2022)

Directors' meetings

The number of meetings of the Company's Board of Directors (the Board) and of each board committee meeting held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board Meetings		Special Meetings	
	Number of meetings attended	**Number of meetings held**	**Number of meetings attended**	**Number of meetings held**
Director				
Warren Edward Glenny	3	6	4	5
John Richard Payne	12	12	9	9
Rick Anthony Cumming	12	12	9	9
Robert Bruce Duncan	12	12	9	9
David Bruce Wood	12	12	9	9
Annemarie Kate Christie	12	12	9	9
Michael Yeo	12	12	9	9
John Richard Hopwood	12	12	9	9
John James Mason	9	9	4	5
Shubhada Gandhi	5	5	4	4

Directors' report (continued)

Membership

The Group includes companies limited by guarantee and are without share capital. The number of members as of 30 June 2022 and the comparison with last year is as follows:

	2022	2021
Castle Hill RSL Club Limited		
Financial Members:		
Category 1	215	344
Category 2	29,694	31,450
Junior Members	1,119	1,358
	31,028	**33,152**
Parramatta RSL Club		
Service, Association and Social	14,110	13,912
Sub-Branch Members	277	333
	14,387	**14,245**
Lynwood Country Club		
Junior Members	61	42
Social Members	5,742	5,274
Golf Members	644	609
	6,447	**5,925**
	51,862	**53,322**

Members' limited liability

In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to $22 per member for all Castle Hill RSL Club Limited, $5.50 for all Lynwood Country Club members and $5.50 for all Parramatta RSL Club members in the event of the winding up of the Company during the time that he/she is a member or within one year thereafter.

Principal activities

The principal activities of the Group during the year were to provide sporting, social and entertainment activities, and amenities to the members of the Group and guests from conducting the business of a licensed social club. The Group's activities enhance, support, and continue to develop and promote a range of sporting and social activities that have assisted the general club membership and broader community. These activities have not been limited to the provision of sporting infrastructure but also to the development and promotion of a wide range of activities including all forms of sport from novice to an elite level.

Operating result

The net profit after tax for the year amounted to $4,006,039 compared with $7,812,902 profit after tax for the prior year, a decrease of $3,806,863 (48%) from prior year. This result was achieved after recognising $9,211,164 (2021: $9,434,794) for depreciation and amortisation, $1,237,021 (2021: $1,322,081) for finance costs, $12,313 (2021: $20,643) for decommissioning of assets and $1,852,852 (2021: $2,128,091) for donations. The decrease in net profit after tax for the year in 2022 was due to a 13-week COVID-19 government-imposed Club shutdown, whereas 2021 was largely a full trading financial year.

Directors' report (continued)

Operating result (continued)

	2022	2021
	$	$
Revenue	54,575,839	64,533,979
Operating expenses	(38,012,326)	(43,815,468)
Earnings before other comprehensive income, depreciation and amortisation (asset write offs), finance costs, income tax expense, donations (EBITDAD)	**16,563,513**	**20,718,511**
Decommissioned assets	(12,313)	(20,643)
Impairment expense	(244,124)	-
Depreciation and amortisation	(9,211,164)	(9,434,794)
Finance costs	(1,237,021)	(1,322,081)
Donations	(1,852,852)	(2,128,091)
Profit / (loss) before income tax expense	**4,006,039**	**7,812,902**

"Earnings before depreciation and amortisation, finance costs, income tax expense, donations" is a non-IFRS measure. A reconciliation to the statutory profit before tax is included in the above table.

Objectives

Short-term
The short-term organisational strategy is to continue operational reviews, implementing operational efficiencies to further enhance the existing strategies designed to improve the efficiencies and effectiveness of the organisation whilst upgrading plant / equipment and premises to ensure the Group is a modern state of the art sports, leisure and entertainment venue that is relevant to the changing needs of its members and community.

Long-term
The long-term strategic objective of the Group is to conduct its business affairs in a sound and responsible manner ensuring relevance to the membership and community including providing the facilities and amenities that improve the financial and future viability of the Group. This commitment is not limited to physical premises but also to our broader community activities and the development of sport and sporting activities within our shire.

Strategy for achieving the objectives

The primary strategies to achieve the club's objectives are through sound financial management and the use of financial ratios and key performance indicators (KPIs). This ensures that organisational Business Plans, Budgets and Cash Flows are current and relevant. Business activities are managed in a pro-active manner to ensure that goals, objectives and business strategies are achieved.

Recent organisational restructure in conjunction with current Departmental/Management reporting strategies support this objective and the organisational checks and control measures will be assessed against established ratios and KPIs to provide relevant and accurate information against the decision-making process of the club.

Directors' report (continued)

Strategy for achieving the objectives (continued)

The Board of Directors and Management have developed and are implementing specific Master Plans for each of our sites. The respective Master Plans will provide diversity and enhance our existing revenue streams to ensure efficiency, sustainability and relevance, insulating the Group whilst fast tracking capital expenditure and significant improvements to the services, facilities and the long-term viability of the Group.

Performance measurement and key performance indicator

The Clubs have departmental and organisational business plans and corporate strategic plans and the documented KPIs are reviewed by executive management and the Board of Directors at monthly meetings.

These KPIs are reviewed on a regular basis to ensure relevance at any point in time. Business activities are reviewed and altered to adhere to these documents.

Key Performance Indicators	2022	2021
Bar - Castle Hill RSL Club Limited		
Gross profit percentage	70.7%	70.2%
Wages to sales percentage	29.8%	33.2%
Bar - Parramatta RSL Club		
Gross profit percentage	69.9%	68.7%
Wages to sales percentage	32.5%	29.0%
Bar - Lynwood Country Club		
Gross profit percentage	70.9%	70.6%
Wages to sales percentage	21.2%	16.9%
Employee benefits - percentage of Consolidated Revenue and Other Income	25.2%	24.9%
Earnings before interest, tax, depreciation and amortisation and donations (EBITDAD) percentage – Consolidated Revenue and Other Income	30.3%	32.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA) percentage – Consolidated Revenue and Other Income	27.0%	28.8%

Directors' report (continued)

Significant changes in the state of affairs

2021/22 has been a year of two (2) distinctly different periods. The incredible amount of work done throughout the early stages of 2021 positioned us well to face the challenges of COVID-19 and the extensive lockdown in the first quarter of this financial year. Whilst the impact on the business, members, staff and community was significant, we were well positioned to deal with the challenges due to previous decisions / strategies.

The solid trading performance of 2020/21 placed us in a strong financial position to face the challenges and after a very difficult first quarter we have recovered well and have had a very successful trading year considering COVID-19 and other environmental factors outside our control, such as three floods in 12 months at Lynwood Country Club. The Group is in an exceptionally sound financial and strategic position and we are excited about the future and bringing our master plan initiatives to fruition.

2021/22 we continued to review and restructure our business, making changes to our reporting lines of authority, venue management, major capital improvements and facilities upgrades. We have continued our aggressive preventative maintenance strategies and during the year we have seen a number of areas renovated and repositioned to meet the changing needs of our members and community. We have rejuvenated the physical premises and replaced a considerable amount of plant and equipment at Castle Hill RSL Club, Lynwood Country Club and Castle Hill Fitness and Aquatic Centre. The upgrades saw these assets rejuvenated without a need for significant expenditure for a number of years.

A significant project was the opening of the new restaurant space in Sports at 77. Shortcuts is a fit for purpose dining space that compliments the sports bar activities exceptionally well and provides an alternate cuisine style for the venue. An exciting project has been the refurbishment of the main club foyer at Castle Hill. The space is spectacular, and the addition of another entry point will allow us to manage people's movement in and out of the venue, reducing congestion and delays

The new multi-million dollar modern leisure and hospitality venue, Parramatta RSL Club, continues to trade exceptionally well and despite the trading restrictions and shutdown to the Parramatta CBD and CommBank Stadium, the venue had an exceptional trading year. We are extremely excited about opening the new $30 million 550 space multi-story underground car park in late 2022, which will be a welcome addition and will serve the club and the members well. This venue is very special and we are excited for 2023 and beyond for Parramatta RSL Club.

Work has continued on our over 55's Seniors Development and we are currently fine-tuning the development, preparing to lodge a Construction Certificate and working towards delivering this incredible project. Unfortunately, COVID-19 has played a major role in delaying this project but we have used this time wisely to consider all options and ensure the development we bring to market is the most relevant at the time. It is expected construction will commence mid-2024 and this will be the most significant project in the club's history.

Once again, Lynwood Country Club has been impacted by three floods this year with the last flood reaching 13.8 metres. These floods resulted in damage to the course and facilities resulting in an impairment of property, plant and equipment of $244,124. However, once again, our dedicated and professional greens team rebuilt the course and we are looking forward to spring and summer when the course can get back to its best. Lynwood Country Club is an incredible facility and the course is outstanding. CHRG takes our responsibility seriously in providing sporting and community infrastructure to the communities in which we operate.

As the residential development expands into the Northwest sector and new communities occupy the Rouse Hill, Box Hill and Pitt Town areas, we are continuing to work on our development strategy for Lynwood Country Club, taking into consideration the zoning and constraints of the land. The preliminary work is progressing well and the medium to long term strategy will see the Lynwood Country Club site provide a Championship Golf Course and state of the art practice facilities, enhanced with leisure, entertainment, sports and accommodation facilities.

Directors' report (continued)

Significant changes in the state of affairs (continued)

CHRG's commitment to sport and community is at the forefront of what we do and we are currently in the final stages of an amalgamation with Castle Hill Bowling Club. This is an extremely exciting amalgamation, not only our ability to support our closest neighbour but to work with them to rejuvenate the club and position them well for the future whilst growing the sport of bowls in our community. The support will see capital investment into the facilities of the club as well as an investment into the promotion of bowls and the growth of the sport. It will also provide the respective memberships with additional hospitality and leisure activities and choices.

The Board of Directors and Management are planning today for tomorrow and the future opportunities are extremely exciting. Each of our facilities are situated in significant growth development areas with market demographics that are evolving rapidly. We are continuing to examine opportunities to develop and promote sport within our local communities and are continually developing strategies in relation to this, including, but not limited to amalgamations with other sporting related clubs.
During the past couple of decades, we have developed an extremely strong asset base and we are very well placed to realise the value of these assets building a very strong future for the Group.

Events after the reporting period

On 17 August 2022, Castle Hill RSL Club Ltd signed a Memorandum of Understanding (MOU) and Deed of Amalgamation with Castle Hill Bowling Club Ltd in order to proceed with amalgamation. The proposed amalgamation will be finalised if it is approved at a Special General Meeting of the eligible members of each club, and if the amalgamation is approved by the Independent Liquor and Gaming Authority. The Special General Meeting for Castle Hill Bowling Club Ltd was held in early September 2022 and the members voted in favour of the amalgamation. The Special General Meeting of the members of Castle Hill RSL Club is yet to occur but is scheduled to take place prior to the end of September 2022.

There were no other significant events occurring after the reporting period which may affect either the Club's operations or results of those operations or the Club's state of affairs.

Indemnification and insurance of directors and officers

No indemnities have been given or insurance premiums paid during, or since the end of the financial year for any person who is, or has been, an officer of the Company.

Auditor indemnification

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' report (continued)

Auditor's independence

The directors have received a declaration from the auditor of Castle Hill RSL Club Limited. This has been included on page 8 of the report.

Signed in accordance with a resolution of the directors.

John Richard Payne
Director
Castle Hill, 16 September 2022

Annemarie Kate Christie
Director
Castle Hill, 16 September 2022

Building a better
working world

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Auditor's independence declaration to the directors of Castle Hill RSL Club Limited

As lead auditor for the audit of the financial report of Castle Hill RSL Club Limited for the financial year ended 30 June 2022, I declare 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Castle Hill RSL Club Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
16 September 2022

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Notes	2022 $	2021 $
Revenue from contracts with customers	4	**51,448,599**	**61,306,614**
Expenses			
Other operating income	4	3,127,240	3,227,365
Raw materials and consumables used		(2,057,269)	(2,530,946)
Employee benefit expense		(13,753,987)	(16,066,217)
Poker machine license and taxes		(9,043,986)	(10,622,449)
Marketing and entertainment expenses		(613,729)	(481,031)
Members benefits and promotions		(2,837,653)	(3,265,048)
Occupancy and property expenses		(6,524,264)	(7,790,622)
Leases and rental expenses		(35,791)	(27,276)
Decommissioned assets		(12,313)	(20,643)
Other expenses		(3,145,647)	(3,031,879)
Depreciation and amortisation	5	(9,211,164)	(9,434,794)
Impairment expense	10	(244,124)	-
Finance costs	5	(1,237,021)	(1,322,081)
Donations		(1,852,852)	(2,128,091)
Profit before income tax expense		**4,006,039**	**7,812,902**
Income tax expense		-	-
Net profit after tax expense attributable to members		**4,006,039**	**7,812,902**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year attributable to members		**4,006,039**	**7,812,902**

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

Consolidated statement of financial position

As at 30 June 2022

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and short-term deposits	6	23,558,986	17,178,916
Trade and other receivables	7	363,409	416,300
Inventories	9	389,592	392,042
Assets held for sale	10	6,808,252	-
Prepayments		1,397,219	1,194,328
Total current assets		**32,517,458**	**19,181,586**
Non-current assets			
Financial assets	8	2,516	2,516
Property, plant and equipment	10	148,829,931	139,934,780
Assets held for sale	10	-	6,808,252
Intangible assets	11	6,575,026	6,575,026
Right-of-use assets	15	155,555	211,409
Total non-current assets		**155,563,028**	**153,531,983**
Total assets		**188,080,486**	**172,713,569**
Liabilities and equity			
Current liabilities			
Trade and other payables	12	7,875,036	8,644,290
Employee benefit liabilities	13	2,226,885	1,954,513
Interest-bearing loans and borrowings	14	27,203,459	13,735,102
Lease liability	15	71,876	91,998
Other liabilities	16	2,779,503	710,077
Total current liabilities		**40,156,759**	**25,135,980**
Non-current liabilities			
Employee benefit liabilities	13	160,838	175,035
Interest-bearing loans and borrowings	14	47,144,128	48,703,205
Lease liability	15	87,373	123,845
Other liabilities	16	260,630	2,310,785
Total non-current liabilities		**47,652,969**	**51,312,870**
Total liabilities		**87,809,728**	**76,448,850**
Members' funds			
Equity attributable to equity holders of the parent			
Reserves	17	24,283,986	24,283,986
Retained earnings		75,986,772	71,980,733
Total members' funds		**100,270,758**	**96,264,719**
Total liabilities and members' funds		**188,080,486**	**172,713,569**

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Reserve (Note 17) $	Retained Earnings $	Total $
At 1 July 2021	**24,283,986**	**71,980,733**	**96,264,719**
Profit for the year	-	4,006,039	4,006,039
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	4,006,039	4,006,039
At 30 June 2022	**24,283,986**	**75,986,772**	**100,270,758**
At 1 July 2020	**24,283,986**	**64,167,831**	**88,451,817**
Profit for the year	-	7,812,902	7,812,902
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,812,902	7,812,902
At 30 June 2021	**24,283,986**	**71,980,733**	**96,264,719**

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	Notes	2022 $	2021 $
Operating activities			
Receipts from customers		57,828,037	65,784,419
Payments to suppliers and employees		(45,676,930)	(47,376,242)
Receipt of government grants		1,200,000	2,982,000
Rent received		932,160	1,010,268
Interest received		18,163	19,170
Interest paid		(1,709,076)	(1,322,081)
Net cash flows from operating activities		**12,592,354**	**21,097,534**
Investing activities			
Proceeds from disposal of assets		82,953	143,245
Payments for purchase of property, plant and equipment		(18,136,301)	(16,586,969)
Net cash flows used in investing activities		**(18,053,348)**	**(16,443,724)**
Financing activities			
Hire purchase repayments		(1,012,469)	(2,176,365)
Payment of principal portion of lease liabilities		(91,264)	(228,436)
Proceeds from borrowings		25,492,487	8,127,708
Repayments of borrowings		(12,547,690)	(1,986,955)
Net cash flows from financing activities		**11,841,064**	**3,735,952**
Net increase in cash and cash equivalents		6,380,070	8,389,762
Cash and cash equivalents at 1 July		17,178,916	8,789,154
Cash and cash equivalents at 30 June	6	**23,558,986**	**17,178,916**

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

Notes to the consolidated financial statements

For the year ended 30 June 2022

1. Corporate information

The consolidated financial report for Castle Hill RSL Club Limited (the "Company/Club") and its controlled entities (the "Group") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 14 September 2022.

Castle Hill RSL Club Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The Group's registered office and principal place of business is 77 Castle Street, Castle Hill, NSW, 2154. The nature of the operations and principal activities of the Group are described in the directors' report.

2. Summary of significant accounting policies

2.1 Basis of preparation Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board, and the Gaming Machine Tax Act 2001.

This financial report is the first general purpose financial report prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial report was a general purpose financial report prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income, and cash flows of the Club as a result of the change in the basis of preparation.

The financial report has been prepared on a historical cost basis, unless otherwise stated.

Both the functional and presentation currency is Australian dollars (A$).

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2022, the Club's total current liabilities exceed total current assets by $7,639,301 (2021: $5,954,394). The directors have concluded that the use of the going concern assumption in the preparation of the financial statements is appropriate for the following reasons:

- The amount owing of $20.7m on Commercial bill facility 4 in current liabilities will be repaid by 30 September 2022 when the Net Sale Proceeds are obtained from the sale of the car park located at 7 Macquarie Street. The car park is contracted to be sold for Net Sale Proceeds of $23.0m.
- unused loan facilities of $10.8m after capital commitments at balance date; and
- management have provided conservative cash flow projections which reflect a positive cash position 12 months subsequent to the date of signing the accounts.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

Changes in accounting policy, disclosures, standards and interpretations

(i) New and amended standards and interpretations

The new and amended Australian Accounting standards and Interpretations that apply for the first time in 2022 do not materially impact the financial statements of the group.

(ii) Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2022.

The Group intends to adopt these new and amended standards and interpretations when they become effective.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Castle Hill RSL Club Limited as at 30 June and the results of all controlled entities for the year then ended. Castle Hill RSL Club Limited and its controlled entities together are referred to in these financial statements as the 'Group' or the "Club".

Controlled entities are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The name of the controlled entity is Reltsac Pty Limited with 100% ownership interest held by the Company. The controlled entity is a dormant company incorporated in Australia.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

a) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

a) Current versus non-current classification(continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

b) Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

c) Business amalgamations and goodwill

Club amalgamations are accounted for in accordance with AASB 3 *Business Combinations* using the acquisition method, with transaction costs directly attributable to the amalgamation forming part of the amalgamation related costs.

This method involves recognising the fair values of the identifiable assets acquired and liabilities assumed. The difference between the above items and the fair value of the consideration represents either goodwill or gain on amalgamation in other comprehensive income.

d) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30-60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

For trade receivables and other, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) Inventories

Inventories are measured at cost. Costs have been assigned to inventory quantities on hand at balance date using the weighted average cost basis.

f) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments).

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, OR
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

The Group recognises an allowance for expected credit losses ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g) Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the costs of replacing part of the plant and equipment and borrowing cost for major capital development if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are shown at historical cost less accumulated depreciation for buildings and accumulated impairment losses for land and buildings.

The depreciation rates used for each class of depreciable assets are:

Buildings and improvements	2.5% - 10%
Plant and equipment	7.5%- 40%
Motor vehicles	20%-25%
Leased plant and equipment	7.5%- 20%
Poker machines	20%- 25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

h) Leases

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Club as a lessee

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Club as a lessee

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Club recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Equipment 3 to 5 years

If ownership of the leased asset transfers to the Club at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Club recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Club and payments of penalties for terminating the lease, if the lease term reflects the Club exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Club uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

h) Leases (continued)

is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short term leases and leases of low-value assets

The Club applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

i) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset and its sale is highly probable. Assets classified as held for sale are measured at their previous carrying amount.

j) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value -in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit (CGU) to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a CGU.

k) Intangible assets

Poker machine entitlements
Poker machine entitlements are not amortised and have been determined to have indefinite useful lives. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

Water licenses
Water usage licenses are not amortised and have been determined to have indefinite useful lives. They are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

l) Interest bearing loans and borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds

n) Provisions and employee benefit liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

o) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements and that it typically controls the goods or services before revenue transferring them to the customer.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Club performs under the contract.

Interest income

Interest income is recorded using the effective interest rate. Interest income is included in other income

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Summary of significant accounting policies (continued)

o) Revenue from contract with customers (continued)

in the consolidated statement of profit or loss and other comprehensive income.

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

p) Taxes

No charge has been made for an income tax expense as the Company received an exemption from Income Tax under Section 50-45 of the Income Tax Assessment Act (1997).

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies, if any, are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

q) Other income

Government Grants

In response to the COVID-19 pandemic, the Club assessed its eligibility to access and receive Federal. Government stimulus measures. These measures were received during the financial year. In respect of future measures, as these are announced by the Australian Government the Directors will assess the Club's eligibility and consideration will be given to the potential benefit from accessing these measures. These measures may have a material financial effect on the financial report should the assumptions underpinning the eligibility change or in the unlikely event of an independent review refuting the Club's entitlement to these measures. At the date the financial report is authorised for issue, the Directors consider the Club eligible for the stimulus measures and accordingly the assets of the Club are recoverable in the ordinary course of business.

The Club is eligible for this payment and has claimed a total amount of $1,200,000 from the JobSaver Payment scheme for the year ended 30 June 2022 (2021: $2,088,536 – JobKeeper Payment scheme).

The JobKeeper and JobSaver Payment schemes are accounted for in line with AASB 1058 *Income of Not-for-Profit Entities*. The Club has recognised a receivable and income when it obtained control over the funding.

r) Comparatives

Certain numbers of the prior year have been reclassified to be consistent with current year's disclosure presentation.

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Intangible assets
As discussed above, impairment of poker machine entitlements is recognised based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the Group from the use of these licenses. In determining the present value of the cash inflows growth rate and appropriate discount factor have been considered.

Water usage licenses are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

Customer loyalty program
The Group 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. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Significant accounting judgements, estimates and assumptions (continued)

Long service leave provision
As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future 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.

Leases - Estimating the incremental borrowing rate

The Club cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Club would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Club 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Club estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. Revenue

	2022	2021
	$	$
4.1 Disaggregated revenue information		
Bar sales	5,605,752	6,741,251
Poker machines - net clearances	36,360,875	43,308,914
Fitness centre income	5,299,649	6,942,746
Functions centre income	355,824	464,356
Golf income	1,408,699	1,588,206
Pro shop income	415,282	400,617
Members' subscription	642,642	689,705
Commission received	399,836	522,800
Sundry income	960,040	648,019
Total revenue from contracts with customers	**51,448,599**	**61,306,614**
Total revenue	**51,448,599**	**61,306,614**
Timing of revenue recognition		
Transferred at a point in time	44,097,609	52,085,957
Transferred over time	7,350,990	9,220,657
	51,448,599	**61,306,614**

All revenues from contracts with customers are earned within New South Wales, Australia

	2022	2021
4.2 Other income		
Rental income	932,160	1,010,269
Interest received	18,163	19,170
Gain on disposal of non-current assets	4,917	109,390
Government Grants	1,200,000	2,088,536
Gain on interest rate swap	972,000	-
Total other income	**3,127,240**	**3,227,365**

Notes to the consolidated financial statements

For the year ended 30 June 2022

5. Expenses

Profit before income tax includes the following specific expenses:	2022	2021
	$	$
Finance costs		
Bank loans and overdrafts	1,131,960	1,159,163
Hire purchase charges	97,646	155,182
Finance charge - leases	7,415	7,736
	1,237,021	**1,322,081**
Depreciation		
Buildings and improvements	3,734,874	3,592,854
Plant and equipment	3,252,098	3,357,161
Poker machines	844,132	880,030
Motor vehicles	18,152	25,332
Right-of-use depreciation	90,524	112,217
Amortisation		
Leased plant and equipment	1,271,384	1,467,200
	9,211,164	**9,434,794**

6. Cash and short-term deposits

Cash at bank and on hand	4,459,018	3,328,947
Short-term bank deposits	19,099,968	13,849,969
	23,558,986	**17,178,916**

Non-cash investing activities

During the year, property, plant and equipment amounting to $201,650 (2021: $433,929) was acquired by the way of hire purchase transactions. These transactions are not reflected in the consolidated statement of cash flows.

7. Trade and other receivables

Current		
Trade receivables	-	-
Expected credit losses	-	-
	-	-
Other debtors and deposits	363,409	416,300
	363,409	**416,300**

Trade receivables are non-interest bearing and are normally settled within 30 days

8. Financial assets

Shares – at fair value through profit or loss	2,516	2,516

9. Inventories

Finished goods – at cost	389,592	392,042

Notes to the consolidated financial statements

For the year ended 30 June 2022

10. Property, Plant and equipment

	Freehold land	Buildings and improvements	Plant and equipment	Poker machines	Motor vehicles	Leased plant and equipment	Capital works in progress (CWIP)	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 July 2021	13,650,000	112,559,147	55,309,871	19,718,530	191,167	14,399,012	20,688,538	236,516,265
Additions	-	14,864	565,246	1,437,455	31,784	201,650	16,086,952	18,337,951
Disposals	-	-	-	-	-	(301,000)	(38,603)	(339,603)
Capitalisation from CWIP	-	4,045,251	2,738,833	446,880	-	-	(7,230,964)	-
Impairment	-	-	-	-	-	-	(244,124)	(244,124)
At 30 June 2022	**13,650,000**	**116,619,262**	**58,613,950**	**21,602,864**	**222,951**	**14,299,662**	**29,261,799**	**254,270,489**
Depreciation								
At 1 July 2021	-	30,024,114	39,046,085	17,961,402	152,094	9,397,790	-	96,581,485
Depreciation expense	-	3,734,874	3,252,098	844,132	18,152	1,271,384	-	9,120,640
Depreciation on disposals	-	-	-	-	-	(261,567)	-	(261,567)
At 30 June 2022	**-**	**33,758,988**	**42,298,183**	**18,805,534**	**170,246**	**10,407,607**	**-**	**105,440,558**
Net book value								
At 30 June 2021	13,650,000	82,535,033	16,263,786	1,757,128	39,073	5,001,222	20,688,538	139,934,780
At 30 June 2022	**13,650,000**	**82,860,274**	**16,315,767**	**2,797,330**	**52,705**	**3,892,055**	**29,261,799**	**148,829,931**

Notes to the consolidated financial statements

For the year ended 30 June 2022

10. Property, plant and equipment (continued)

Refer to Note 14 for details of security over property, plant and equipment.

Hire purchase contracts
The carrying value of equipment held under hire purchase contracts at 30 June 2022 was $3,892,055 (2021: $5,001,222). Additions during the year were $201,650 (2021: $433,929) under hire purchase contracts. Leased assets under hire purchase contracts are pledged as security for the related hire purchase liabilities.

Capitalised borrowing costs

During 2021, construction of the new carpark on the Parramatta RSL Club site commenced. This construction is being funded by a commercial bill facility. The amount of borrowing costs capitalised during the year ended 30 June 2022 was $472,055 (2021: $211,723).

Assets classified as held for sale
In 2019, the directors of the Group decided to sell certain non-core land and buildings. These assets have been classified as assets held for sale with net book value amounting to $6,808,252 as at 30 June 2022 (2021: $6,808,252). In June 2019, the Group entered into a Put and Call Option Deed for the sale of the assets. The call option commencement date is in April 2022. The call option fee of $2,070,000 (excluding GST) was paid on execution of the Deed is recorded as income received in advance.

Valuation
The independent valuation of the Group's land and buildings (located at Castle Hill) carried out as at 4 February 2020 by Global Valuation Services Pty Limited on the basis of the market value for existing use resulted in a valuation of land and buildings of $111,000,000. As land and buildings are recorded at cost, the valuation has not been brought to account.

The independent valuation of the Group's land and buildings (located at Parramatta) carried out as at 20 January 2020 by Global Valuation Services Pty Limited on the basis of the market value for existing use resulted in a total valuation of $59,000,000. As land and buildings are recorded at cost, the valuation has not been brought to account.

The independent valuation of the Group's land and buildings (located at Lynwood Country Club at Pitt Town) carried out as at 6 January 2020 by Global Valuation Services Pty Limited on the basis of market value for existing use resulted in a valuation of land and buildings of $18,110,000. As land and buildings are recorded at cost, the valuation has not been brought to account.

The independent valuation of the Group’s total land and buildings, across all three locations, resulted in a combined valuation of land and buildings of $188,110,000.

The directors do not believe that there has been a material movement in the fair value since the valuation date.

Notes to the consolidated financial statements

For the year ended 30 June 2022

10. Property, plant and equipment (continued)

Core properties

The following are core properties:

- 77 Castle St, Castle Hill NSW 2154 (Physical building of the Registered Club and CHFAC)
- 2 Macquarie Street, Parramatta NSW 2150
- 253 Pitt Town Bottoms Road, Pitt Town NSW 2756

The following are non-core properties:

- 7 Macquarie Street, Parramatta NSW 2150
- 77 Castle St, Castle Hill NSW 2154 (Carpark and grounds)
- 2 Macquarie Street, Parramatta NSW 2150 (Proposed carpark on grounds of former club)

11. Intangible assets

	2022	2021
	$	$
Poker machines entitlements		
Cost (gross carrying amount)	6,320,026	6,320,026
Net carrying amount	**6,320,026**	**6,320,026**
Water usage license		
Cost (gross carrying amount)	255,000	255,000
Net carrying amount	**255,000**	**255,000**
Total intangible assets		
Cost (gross carrying amount)	6,575,026	6,575,026
Net carrying amount	**6,575,026**	**6,575,026**

As at 30 June 2022, these assets were tested for impairment and there was no impairment charge.

Movement		
Poker machines entitlements		
Opening net book amount	6,320,026	6,320,026
Additions	-	-
Closing carrying value	**6,320,026**	**6,320,026**
Water usage license		
Opening net book amount	255,000	255,000
Closing carrying value	**255,000**	**255,000**

12. Trade and other payables

Current		
Trade payables	1,748,036	2,479,035
Goods and services tax (GST) payable	215,835	67,983
Other creditors and accruals	5,911,165	6,097,272
	7,875,036	**8,644,290**

Trade payables are non-interest bearing and are normally settled within 60 days

Notes to the consolidated financial statements

For the year ended 30 June 2022

13. Employee benefit liabilities

	2022	2021
	$	$
Current		
Employee benefits	**2,226,885**	**1,954,513**
Non-current		
Employee benefits	**160,838**	**175,035**

Superannuation plans

Contributions
The Group is under a legal obligation to contribute 10.5% of each employee's base salary to a superannuation fund.

14. Interest-bearing loans and borrowings

	2022	2021
Current		
At amortised cost		
Secured		
Commercial bill facility 1	1,560,000	1,560,000
Commercial bill facility 2	3,000,000	3,000,000
Commercial bill facility 4	20,684,877	7,276,748
Hire purchase liabilities	971,770	1,187,412
	26,216,647	**13,024,160**
Unsecured		
Insurance premium funding	986,812	710,942
	27,203,459	**13,735,102**
Non-current Secured		
Commercial bill facility 1	2,020,000	2,800,000
Commercial bill facility 2	40,695,380	41,395,380
Commercial bill facility 3	2,477,605	2,477,605
Hire purchase liabilities	1,951,143	2,030,220
	47,144,128	**48,703,205**
Financing facilities		
Total facilities available.		
Commercial bill facility 1	3,840,000	4,620,000
Commercial bill facility 2	43,945,380	44,445,380
Commercial bill facility 3	3,000,000	3,000,000
Commercial bill facility 4	31,700,000	31,700,000
Business card	100,000	100,000
Asset/equipment finance facility 1	4,000,000	4,000,000
Asset/equipment finance facility 2	2,143,000	2,143,000
Insurance premium funding	1,233,515	1,015,632
Letter of Credit / Guarantee Facility	1,085,000	1,085,000
	91,046,895	**92,109,012**

Notes to the consolidated financial statements

For the year ended 30 June 2022

14. Interest-bearing loans and borrowings (continued)

	2022	2021
	$	$
Facilities utilised at reporting date:		
Commercial bill facility 1	3,580,000	4,360,000
Commercial bill facility 2	43,695,380	44,395,380
Commercial bill facility 3	2,477,605	2,477,605
Commercial bill facility 4	20,684,877	7,276,748
Asset /equipment finance facilities	2,922,913	3,217,632
Insurance premium funding	986,812	710,942
	74,347,587	**62,438,307**

Commercial bill facility 1 is based on a variable interest rate of which at year end was 2.93%, repayment terms are $130,000 per month with payments having commenced in December 2020. The facility matures on 30 September 2023.

Commercial bill facility 2 is based on a variable interest rate of which at year end was 2.97%, repayment terms are $250,000 per month with payments having commenced in March 2022. The facility matures on 30 September 2023.

Commercial bill facility 3 is based on a variable interest rate of which at year end was 3.08%, which is paid every month. The facility amount owing is payable at the maturity date on 30 September 2023.

Commercial bill facility 4 is based on a daily interest rate of which at year end was 3.11%, which is paid every month. The facility amount owing is payable at the maturity date on 30 September 2022

During the current year, loan arrangements were amended, with the maturity date of commercial bill facilities 1, 2 and 3 being re-negotiated to 30 September 2023 and commercial bill facility 4 being re-negotiated to 30 September 2022.

Asset/equipment finance facility 1 and 2
The Group purchases certain plant and equipment under hire purchase arrangements from the bank. These facilities are also secured by a fixed and floating charge of the assets of the Group together with the commercial bill facility. The margins on these facilities are tailored to the goods and type of transaction the Group selects. Facility 1 has no maturity date. Facility 2 has a termination date of 20 February 2025.

The insurance premium funding is based on an interest rate of 2.66% and paid monthly until 16 February 2023, when the debt will be fully repaid.

Notes to the consolidated financial statements

For the year ended 30 June 2022

14. Interest-bearing loans and borrowings (continued)

Security

The commercial bill facilities are secured over:

(a) First Registered Mortgage registration number AG49452 dated 1 February 2011, being the property at 77 Castle Street, Castle Hill, New South Wales, being the land described in Certificate of Title Folio Identifier 1/1080161

(b) Registered Charge (Mortgage Debenture) dated 1 February 2011, all present and future undertakings (including goodwill) and unpaid or uncalled capital of the Castle Hill RSL Club Ltd ACN 001 043 910

(c) Tripartite Agreement dated 1 February 2011, being the liquor license and poker machine entitlements for the property situate at 77 Castle Street, Castle Hill, New South Wales

(d) All present and after acquired property of Castle Hill RSL Club Ltd ACN 001 043 910 as described in the General Security Agreement

(e) First Registered Mortgage for the property at 2 Macquarie Street, Parramatta, New South Wales being the land described in the Certificate of Title Folio Identifier 362/752058

(f) Builder's Side Deed; and

(g) Liquor Licence Side Deed for Licence Number LIQC300226425

The carrying amount of the pledged assets is as follows:

	2022	2021
	$	$
Freehold land	13,650,000	13,650,000
Buildings	82,860,274	82,535,033
Total pledged assets	**96,510,274**	**96,185,033**

15. Leases

Club as a lessee

The Club has lease contracts for various items of equipment and other equipment used in its operations. Leases of equipment generally have lease terms between 3 and 5 years. The Club's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Club is restricted from assigning and subleasing the leased assets and some contracts require the Club to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Club also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Club applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Notes to the consolidated financial statements

For the year ended 30 June 2022

15. Leases (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Equipment $
As at 1 July 2021	**211,409**
Additions	34,670
Depreciation expense	(90,524)
As at 30 June 2022	**155,555**

Set out below are the carrying amounts of lease liabilities and the movements

	2022 $
As at 1 July 2021	**215,843**
Additions	34,670
Accretion of interest	7,415
Payments	(98,679)
At 30 June 2022	**159,249**
Current	**(71,876)**
Non-current	**(87,373)**

The following are the amounts recognised in profit or loss:	
Depreciation expense of right-of-use assets	90,524
Interest expense on lease liabilities	7,415
Expense relating to short-term leases	59,888
Expense relating to leases of low-value assets	31,522
Total amount recognised in profit or loss	**189,349**

The Club had total cash outflows for leases of $98,679 in 2022. The Club also had non-cash additions to right-of-use assets and lease liabilities of $34,670 in 2022.

Notes to the consolidated financial statements

For the year ended 30 June 2022

16. Other liabilities

	2022	2021
	$	$
Current		
Income received in advance	**2,779,503**	**710,077**
Non-current		
Income received in advance	**260,630**	**2,310,785**

17. Reserves

Capital profit reserve	19,127,467	19,127,467
Amalgamation reserve	5,156,519	5,156,519
	24,283,986	**24,283,986**

Capital profits reserve

The capital profits reserve represents realised capital profit on sale of freehold property in prior years.

Amalgamation reserve

The amalgamation reserve is used to record differences between the fair value of net asset acquired through amalgamation and consideration paid.

18. Auditors' remuneration

Amounts received or due and receivable by Ernst & Young Australia for:

An audit or review of the financial report of the Club	80,000	76,000
Fees for preparation of the financial report of the Club	5,800	5,600
Total auditors' remuneration	**85,800**	**81,600**

19. Commitments

Hire purchase commitments

Within one year	1,028,630	1,232,636
After one year but not more than five years	1,989,503	2,166,242
Total minimum lease payments	3,018,133	3,398,878
Future finance charges	(95,220)	(181,246)
Hire purchase liability	**2,922,913**	**3,217,632**
Comprises:		
Current liability	971,770	1,141,645
Non-current liability	1,951,143	2,075,987
	2,922,913	**3,217,632**

Notes to the consolidated financial statements

For the year ended 30 June 2022

19. Commitments (continued)

The Group hires property, plant and equipment under hire purchase agreements expiring from one to five years. At the end of the hire purchase term the consolidated entity has the option to purchase the equipment. The hire purchase facility is secured against the assets purchased under this facility.

Capital commitments

Capital expenditure of $5,891,911 (2021: $17,615,455) has been contracted at balance date but not provided in the financial statements.

20. Contingent liabilities

	2022	2021
	$	$
Bank guarantees	**1,017,000**	**1,017,000**

21. Key management personnel details

(a) Directors

The following persons were non-executive directors of the Group during the financial year:

John Richard Payne (Appointed President 26 July 2021)
Warren Edward Glenny (Resigned as President 26 July 2021)
Rick Anthony Cumming
David Bruce Wood
Robert Bruce Duncan
Annemarie Kate Christie
Michael Yeo
John Hopwood
John James Mason (Appointed 6 October 2021)
Shubhada Gandhi (Appointed 19 January 2022)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the financial year:

Name	Position
David O'Neil	Group Chief Executive Officer
Nadeem Ali	Group Chief Financial Officer
Allan DePaoli	Group Building Services Manager
Denis Sullivan	Head of Hospitality
Andrianna Abeyaratne	Head of Corporate Affairs
Brett Crastin	Group Chief Operations Officer (Resigned 13 July 2021)

Notes to the consolidated financial statements

For the year ended 30 June 2022

20. Key Management Personnel (continued)

(c) Key management personnel compensation

	2022	2021
	$	$
Benefits and payments made to the directors and other key management personnel	**1,665,543**	**1,848,268**

(d) Transactions with related parties

From time to time, directors of the Group, or their director-related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

22. Related parties

Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

23. Events after the reporting period

On 17 August 2022, Castle Hill RSL Club Ltd signed a Memorandum of Understanding (MOU) and Deed of Amalgamation with Castle Hill Bowling Club Ltd in order to proceed with amalgamation. The proposed amalgamation will be finalised if it is approved at a Special General Meeting of the eligible members of each club, and if the amalgamation is approved by the Independent Liquor and Gaming Authority. The Special General Meeting for Castle Hill Bowling Club Ltd was held in early September 2022 and the members voted in favour of the amalgamation. The Special General Meeting of the members of Castle Hill RSL Club is yet to occur but is scheduled to take place prior to the end of September 2022.

There were no other significant events occurring after the reporting period which may affect either the Club's operations or results of those operations or the Club's state of affairs

Notes to the consolidated financial statements

For the year ended 30 June 2022

24. Parent entity disclosure

	2022	2021
	$	$
Assets		
Current assets	32,517,460	19,181,586
Non-current assets	155,573,028	153,541,983
Total assets	**188,090,488**	**172,723,569**
Liabilities		
Current liabilities	40,166,760	25,097,425
Non-current liabilities	47,652,969	51,361,425
Total liabilities	**87,819,729**	**76,458,850**
Members' funds		
Capital profit reserve	24,283,986	24,283,986
Retained earnings	75,986,772	71,980,733
	100,270,758	**96,264,719**
Net profit after income tax expense	**4,006,039**	**7,812,902**
Other comprehensive income	**-**	**-**
Total comprehensive income for the year	**4,006,039**	**7,812,902**
Contingent liabilities	**1,017,000**	**1,017,000**

Directors' declaration

In accordance with a resolution of the directors of Castle Hill RSL Club Limited, we state that: In the opinion of the directors:

(a) the consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001;*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

John Richard Payne
Director
Castle Hill, 16 September 2022

Annemarie Kate Christie
Director
Castle Hill, 16 September 2022

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Independent auditor's report to the members of Castle Hill RSL Club Limited

Opinion

We have audited the financial report of Castle Hill RSL Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 is the directors' report accompanying the financial report.

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.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 internals 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 Group'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 Group'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 Group 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.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group 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.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
16 September 2022