

Strathfield Recreation Club

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2023

Strathfield Recreation Club

ABN: 67 000 001 178

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For the Year Ended 30 September 2023

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Directors' Report 30 September 2023

The directors present their report on Strathfield Recreation Club (the Club) for the financial year ended 30 September 2023.

1. General information

Directors

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

Names	Appointed/Resigned
KING, Graham	
BOW, Robert	
PADD, Mark	
TAMANG, Mrigesh	
YOGANATHAN, Nirupan	Appointed on 5-02-2023
MURRAY, Allan	Appointed on 5-02-2023
PARK, Esther	Appointed on 5-02-2023
HART, Daryl	Resigned on 5-02-2023
KELLY, Christopher	Resigned on 5-02-2023
JAMES-BLAND, Rod	Resigned on 5-02-2023

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 Strathfield Recreation Club during the financial year was to provide members and their guests with the amenities and facilities enabling them to enjoy tennis, futsal and indoor social and recreational activities.

The following significant changes in the nature of the principal activity occurred during the financial year:

- to replace and repair surfaces and drainage to courts 4 and 5
- to open up, develop and strengthen the membership to be a more diversified mix with wider access to services within the club.
- to expand membership numbers and support staff in their workplace.
- To reduce all existing loans to zero and build capital to facilitate future construction of new facilities.
- the continue staff and director training and compliance education.
- the improve the standard of tennis and promote the sport to as a great a diversified community as is possible.
- the lodge the Development Application to Burwood Council for the construction of new tennis, futsal and parking facilities and follow the submission through to approval.

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Directors' Report 30 September 2023

1. General information

Short term objectives

- to promote tennis as a lifelong sport both within the club and to the community in general.
- to maintain the clubs highly successful financial position and build capital.
- to maintain the clubs facilities and grounds to its current high quality.
- to promote the concept of a wider more inclusive and diver membership.

Long term objectives

Over the next five years the Board plans to:

- Continue to operate successfully keeping abreast of changing economic, social and legislative conditions as we fully repay our present bank loan;
- Further develop and detail to members a five to ten year strategic plan setting out long term opportunities and goals;
- Strive to increase female tennis membership and board participation; and
- Introduce subsidised coaching arrangements for members to improve the standard of tennis at the Club..

Strategy for achieving the objectives

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

- Keep abreast of all issues that affect trading conditions, review selected new opportunities and seek ways to maximise use of the clubs facilities;
- Present to members a 5 year strategic plan for their consideration and approval that will guide future investments and development opportunities;
- Improve and maintain all facilities to meet the needs of members as we continue to grow;
- Capturing the club's rich tennis heritage and we will enhance awareness and our tennis credentials by trailing co-hosted sanctioned tennis events;
- Execute new member coaching strategies aiming particularly to increase female tennis membership and successful Badge participation;
- Train and develop staff and Board members to meet future needs and operating demands; and
- Adoption of state of the art business software to stay at the forefront of club administration which includes integrated systems such as membership, boom gates and rewards points.
- Continue to improve communication with between administration, the Board of directors and members.

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Directors' Report

30 September 2023

1. General information

Information on Directors

The names of each person who has been a director during the year and to the date of this report are:

KING, Graham

Qualification B.Engineering (USYD), Dip Power Engineering (USYD), Dip Business, Cert IV Res Building Construction

BOW, Robert

Qualification B.Build (QS), B.Sc(Arch), B.Arch (hons), [UNSW], A.R.A.I.A
Special responsibilities Club President

PADD, Mark

Qualification B.Pharmacy

TAMANG, Mrigesh

Qualification Masters of Geotechnical Engineering (MEng), Bachelor of Engineering (BEng), Member of Australian Institute of Engineers (MIEAUST)
Special responsibilities Vice President

YOGANATHAN, Nirupan

Qualification B. Commerce, B. Science, Masters of Economics (Usyd)
Special responsibilities Tennis Committee

MURRAY, Allan

Qualification B. Medical Science (MQ), B.Science - Psychology (Usyd) Dip. Project Management, Cert. Change Manager, PhD - Reducing Carbon and Waste from Infrastructure Construction (in Progress)

PARK, Esther

Qualifications B. Nursing (Usyd), Class 2 Agent License
Special responsibilities Vice President, Tennis Committee

Members' guarantee

Strathfield Recreation Club is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$6, subject to the provisions of the company's constitution.

At 30 September 2023 the collective liability of members was \$106,680 (2022: \$ 87,456).

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Directors' Report

30 September 2023

2. Other items

Future developments and results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follow:


	Directors' Meetings	
	Number eligible to attend	Number attended
KING, Graham	12	10
BOW, Robert	12	9
PADD, Mark	12	11
TAMANG, Mrigesh	12	11
YOGANATHAN, Nirupan	8	6
MURRAY, Allan	8	6
PARK, Esther	8	6
HART, Daryl	4	3
KELLY, Christopher	4	4
JAMES-BLAND, Rod	4	3

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 September 2023 has been received and can be found on page 5 of the financial report.

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

Director: 

Director: 

Dated 16 January 2024



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Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Strathfield Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2023, there have been:

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

A handwritten signature in blue ink that reads 'PKF'.

PKF

A handwritten signature in blue ink, appearing to be 'Kym Reilly'.

KYM REILLY
PARTNER

16 JANUARY 2024
SYDNEY, NSW

Strathfield Recreation Club 2023

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue	4	9,140,037	7,389,536
Finance income	5	8,760	2,930
Expenses			
Cost of sales		(1,131,605)	(951,161)
Poker machine duty		(1,122,906)	(785,570)
Employee benefits expense	6	(2,004,585)	(1,587,317)
Depreciation, amortisation and impairment	6	(942,379)	(983,001)
Other operating expenses	6	(2,019,243)	(1,768,685)
Finance costs	5	(27,446)	(65,764)
Profit before income tax		1,900,633	1,250,968
Income tax expense	2(j)	-	-
Profit for the year		1,900,633	1,250,968
Other comprehensive income, net of income tax			
Revaluation increase	11	2,300,000	-
Other comprehensive income		2,300,000	-
Total comprehensive income for the year		4,200,633	1,250,968

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 September 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,051,531	1,041,120
Trade and other receivables	8	89,541	75,388
Inventories		82,448	85,388
Other assets	10	130,211	106,916
TOTAL CURRENT ASSETS		<u>1,353,731</u>	<u>1,308,812</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	43,924,382	41,552,899
Intangible assets	12	1,039,863	729,050
Right of use assets	13	136,280	197,293
TOTAL NON-CURRENT ASSETS		<u>45,100,525</u>	<u>42,479,242</u>
TOTAL ASSETS		<u>46,454,256</u>	<u>43,788,054</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	446,573	434,299
Lease liability	13	90,188	73,476
Borrowings	15	-	1,500,000
Employee benefits	16	195,119	157,741
Other liabilities	17	111,142	108,122
TOTAL CURRENT LIABILITIES		<u>843,022</u>	<u>2,273,638</u>
NON-CURRENT LIABILITIES			
Lease liability	13	53,004	156,819
TOTAL NON-CURRENT LIABILITIES		<u>53,004</u>	<u>156,819</u>
TOTAL LIABILITIES		<u>896,026</u>	<u>2,430,457</u>
NET ASSETS		<u>45,558,230</u>	<u>41,357,597</u>
EQUITY			
Reserves	18	32,602,689	30,302,689
Retained earnings		12,955,541	11,054,908
TOTAL EQUITY		<u>45,558,230</u>	<u>41,357,597</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 September 2023

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 October 2022	11,054,908	30,302,689	41,357,597
Profit for the year	1,900,633	-	1,900,633
Revaluation increment (decrement)	-	2,300,000	2,300,000
Balance at 30 September 2023	12,955,541	32,602,689	45,558,230
Balance at 1 October 2021	9,803,940	30,302,689	40,106,629
Profit for the year	1,250,968	-	1,250,968
Balance at 30 September 2022	11,054,908	30,302,689	41,357,597

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 September 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	9,451,880	7,549,115
Payments to suppliers and employees	(6,578,018)	(5,330,013)
Grants and subsidies received	6,000	132,524
Interest received	8,760	2,930
Finance costs	(17,232)	(65,763)
Net cash provided by operating activities	<u>2,871,390</u>	<u>2,288,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(674,743)	(457,895)
Capitalised expenditure for redevelopment	(252,525)	(885,749)
Acquisition of intangible assets	(310,813)	(26,439)
Net cash used in investing activities	<u>(1,238,081)</u>	<u>(1,370,083)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,500,000)	(2,000,000)
Payment of lease liabilities	(122,898)	(76,650)
Net cash used in financing activities	<u>(1,622,898)</u>	<u>(2,076,650)</u>
Net (decrease)/increase in cash and cash equivalents held	10,411	(1,157,940)
Cash and cash equivalents at beginning of year	<u>1,041,120</u>	<u>2,199,060</u>
Cash and cash equivalents at end of financial year	7 <u>1,051,531</u>	<u>1,041,120</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 30 September 2023

The financial report covers Strathfield Recreation Club as an individual entity. Strathfield Recreation Club is a for-profit proprietary Club, incorporated and domiciled in Australia.

The functional and presentation currency of Strathfield Recreation Club is Australian dollars.

The financial report was authorised for issue by the Directors on 16 January 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Club expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Club have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Club are:

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time where the performance obligations have been met and transfer of control have been completed. Revenue is recognised net of any discounts given to members/patrons.

Provision of services

Revenue from rendering of services comprises revenue from memberships, together with other services to members and other patrons of the Club and is recognised when the services are provided.

Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year.

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Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

Gaming machine revenue is recognised on an accrual basis, calculated as net of gaming machine collections and payout's, less any costs associated with future jackpot contributions.

Government grants

Government grants are recognised where there is reasonable certainty that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

Interest revenue

Interest is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Rental income

Rental income from sub-leases is recognised on a straight line basis over the term of the lease.

Other income

Other income is recognised on an accruals basis when the Club is entitled to it.

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

(b) Inventories

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

(c) Property, plant and equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Plant and equipment and buildings are measured using the cost model and land is measured using the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(c) Property, plant and equipment

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Fair value

Land is currently held at fair value using the revaluation model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	1% - 20%
Plant and Equipment	2.5% - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Future capital improvements is capitalised within property, plant and equipment and capital works in progress. When development is completed, the asset will be transferred to plant and equipment. No depreciation is charged during the development phase.

(d) Intangible assets

Poker machine entitlements

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have an indefinite life and are tested annually for impairment and carried at cost less any accumulated amortisation and impairment losses.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is stated after separate recognition of identifiable intangible assets and is carried at

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Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial instruments are recognised initially on the date that the Club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Club classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment and including forward looking information.

The Club uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Club uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Club in full, without recourse to the Club to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Club's financial liabilities comprise trade and other payables, which are measured at amortised cost using the effective interest rate method.

(f) Impairment of non-financial assets

At the end of each reporting period the Club determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Employee benefits

Provision is made for the Club's liability for employee benefits, arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included 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 operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(j) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(k) Leases

At inception of a contract, the Club assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Club has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Club has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term.

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

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Notes to the Financial Statements

For the Year Ended 30 September 2023

2 Summary of Significant Accounting Policies

(k) Leases

Exceptions to lease accounting

The Club has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Key estimates- Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 September 2023, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of land

The Club carries its land at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained triennially. At the end of each reporting period the committee members update their assessment of the fair value of land, taking into account the most recent valuations and movements in the market.

An independent valuation of freehold land situated at 4a Lyon Street, Strathfield NSW 2135 was undertaken on the 8th of November 2023, resulting in a fair value adjustment of \$2,300,000 being recognised in other comprehensive income. The independent valuation was carried out by Acrumentis Statutory Services Pty Ltd and based on market evidence and current zoning restrictions to determine the highest and best use of the Club's land.

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Notes to the Financial Statements For the Year Ended 30 September 2023

4 Revenue and Other Income

Revenue from continuing operations

	2023	2022
	\$	\$
- Membership and subscriptions	189,369	136,441
- Bar sales	1,691,274	1,535,835
- Poker machine clearance (net of payouts)	5,844,281	4,547,572
- Rental revenue	145,600	117,733
- Golden Goal revenue	595,827	486,927
- Other sales revenue	667,686	432,504
	<u>9,134,037</u>	<u>7,257,012</u>

Other income

- Government grants	6,000	116,273
- JobKeeper subsidy	-	16,251
	<u>6,000</u>	<u>132,524</u>
	<u>9,140,037</u>	<u>7,389,536</u>

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into revenue earned at a point in time and revenue earned over time.

Timing of revenue recognition

- At a point in time	8,799,068	7,002,838
- Over time	340,969	386,698
	<u>9,140,037</u>	<u>7,389,536</u>

5 Finance Income and Expenses

Finance income

Interest received	<u>8,760</u>	2,930
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Finance expenses

Interest paid	<u>27,446</u>	65,764
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Notes to the Financial Statements For the Year Ended 30 September 2023

6 Result for the year

The result for the year includes the following specific expenses:

	2023	2022
	\$	\$
Depreciation & impairment		
Depreciation on buildings	330,221	307,472
Depreciation on plant and equipment	493,116	420,039
Impairment of intangibles - Golden Goal	-	120,000
Depreciation of right-of-use asset	119,042	135,490
	<u>942,379</u>	<u>983,001</u>
Employee benefits expense:		
- Salary and employee benefit expense	1,735,053	1,418,845
- Contributed superannuation	171,231	129,349
- Other employee costs	98,301	39,123
	<u>2,004,585</u>	<u>1,587,317</u>
Other operating expenses		
- Advertising	47,181	30,589
- Bank charges	57,625	179,349
- Cleaning	247,845	216,453
- Donations	260,996	172,317
- Utilities	108,227	100,495
- Entertainment expenses	188,983	218,052
- Insurance expense	106,812	90,919
- Other operating expenses	383,846	320,842
- Repairs and maintenance	358,456	213,492
- Security costs	259,272	226,177
	<u>2,019,243</u>	<u>1,768,685</u>
7 Cash and Cash Equivalents		
Cash on hand	177,054	218,636
Bank balances	874,477	822,484
	<u>1,051,531</u>	<u>1,041,120</u>
8 Trade and Other Receivables		
CURRENT		
Trade receivables	89,541	75,388

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Notes to the Financial Statements For the Year Ended 30 September 2023

9 Inventories

	2023	2022
	\$	\$
CURRENT		
At cost:		
Inventories	82,448	85,388

10 Other assets

CURRENT		
Prepayments	130,211	106,916

11 Property, plant and equipment

LAND AND BUILDINGS

Freehold land		
At independent valuation	32,300,000	30,000,000
Buildings		
At cost	11,552,741	10,397,450
Accumulated depreciation	(1,356,582)	(1,060,145)
	<u>10,196,159</u>	<u>9,337,305</u>
Future capital improvements		
At cost	386,652	1,138,158
Plant and equipment		
At cost	3,034,471	2,686,624
Accumulated depreciation	(1,992,900)	(1,609,188)
	<u>1,041,571</u>	<u>1,077,436</u>
	<u>43,924,382</u>	<u>41,552,899</u>

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:

	Future Capital Improvements	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 September 2023					
Balance at the beginning of year	1,138,158	30,000,000	9,337,305	1,077,436	41,552,899
Additions	252,525	-	185,044	489,699	927,268
Disposals/write off	-	-	-	(32,448)	(32,448)
Transfer	(1,004,031)	-	1,004,031	-	-
Depreciation expense	-	-	(330,221)	(493,116)	(823,337)
Revaluation increase	-	2,300,000	-	-	2,300,000
Balance at the end of the year	<u>386,652</u>	<u>32,300,000</u>	<u>10,196,159</u>	<u>1,041,571</u>	<u>43,924,382</u>

Strathfield Recreation Club 2023

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Notes to the Financial Statements For the Year Ended 30 September 2023

11 Property, plant and equipment

Movements in Carrying Amounts

Future capital improvements

Future capital improvements relate to expenditure incurred in relation to the ongoing development of the Club premises. The value of future capital improvements were recognised at cost and transferred to buildings on completion of the development.

Independent valuation of land

An independent valuation of freehold land situated at 4a Lyon Street, Strathfield NSW 2135 was undertaken on the 8th of November 2023, resulting in a fair value adjustment of \$2,300,000 being recognised in other comprehensive income. The independent valuation was carried out by Acrumentis Statutory Services Pty Ltd and based on market evidence and current zoning restrictions to determine the highest and best use of the Club's land.

12 Intangible Assets

	2023	2022
	\$	\$
Patents, trademarks and other rights		
At cost	600,000	600,000
Accumulated impairment	(600,000)	(600,000)
	<u>-</u>	<u>-</u>
Poker machine entitlements	<u>1,039,863</u>	729,050
Total Intangible assets	<u><u>1,039,863</u></u>	<u>729,050</u>

13 Leases

Right-of-use assets

	Poker machine licences	Total
	\$	\$
Year ended 30 September 2023		
Balance at the beginning of the year	197,293	197,293
Depreciation charge	(119,042)	(119,042)
Additions	58,029	58,029
Transfers	-	-
	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>136,280</u></u>	<u><u>136,280</u></u>

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Notes to the Financial Statements For the Year Ended 30 September 2023

13 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
2023					
Lease liabilities	99,994	49,812	-	149,806	143,192

14 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	282,917	300,842
Payroll accrual	38,326	31,550
GST payable	125,330	101,907
	<u>446,573</u>	<u>434,299</u>

15 Borrowings

CURRENT		
Secured liabilities:		
Bank loans	-	1,500,000

Summary of borrowings

The \$1,500,000 commercial bill matured in October 2022 and was fully repaid. The loan was secured by a registered mortgage over the land and buildings of the Club.

The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.

Strathfield Recreation Club 2023

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Notes to the Financial Statements For the Year Ended 30 September 2023

16 Employee Benefits

	2023	2022
	\$	\$
CURRENT		
Provision for employee benefits	195,119	157,741

17 Other Liabilities

CURRENT		
Advance payments - members subscriptions	82,725	84,032
Advance payments - GST rebates	13,647	10,700
Rental bond	14,770	13,390
	<u>111,142</u>	<u>108,122</u>

18 Reserves

Asset revaluation reserve - land and buildings	32,450,000	30,150,000
Capital profits reserve	152,689	152,689
	<u>32,602,689</u>	<u>30,302,689</u>

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

19 Financial Risk Management

Financial assets

Held at amortised cost

Cash and cash equivalents	1,051,531	1,041,120
Trade and other receivables	89,541	75,388

Total financial assets

1,141,072 1,116,508

Financial liabilities

Held at amortised cost

Trade and other payables	446,573	434,299
Bank loans	-	1,500,000
Other liabilities	111,142	108,122
Lease liabilities	143,192	230,295

Total financial liabilities

700,907 2,272,716

20 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$6 each towards meeting any outstanding obligations of the Club. At 30 September 2023 the number of members was 13,335 (2022: 14,576).

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Notes to the Financial Statements For the Year Ended 30 September 2023

21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Club is \$ 221,688 (2022: \$ 192,684).

22 Auditors' Remuneration

Remuneration of the auditor, PKF for:

- auditing or reviewing the financial statements	24,900	21,400
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23 Fair Value Measurement

The Club measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment - land

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the company:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 September 2023				
Recurring fair value measurements				
Property, plant and equipment				
Land	-	32,300,000	-	32,300,000
	<hr/>			
30 September 2022				
Recurring fair value measurements				
Property, plant and equipment				
Land	-	30,000,000	-	30,000,000
	<hr/>			

24 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2023 (30 September 2022: None).

Strathfield Recreation Club 2023

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Notes to the Financial Statements

For the Year Ended 30 September 2023

25 Related Parties

(a) The Club's main related parties are as follows:

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

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

26 Events after the end of the Reporting Period

The financial report was authorised for issue on 16 January 2024 by the Board of Directors.

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

27 Statutory Information

The registered office and principal place of business of the company is:

Strathfield Recreation Club 2023
4a Lyons Street
Strathfield NSW 2135

Strathfield Recreation Club 2023

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Director's Declaration

For the Year Ended 30 September 2023

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure; and
 - b. give a true and fair view of the financial position as at 30 September 2023 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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

Director

Director

Dated : 16 January 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRATHFIELD RECREATION CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strathfield Recreation Club Limited (the Company), which comprises the statement of financial position as at 30 September 2023, 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 Strathfield Recreation Club Limited, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the company's financial position as at 30 September 2023, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Simplified Disclosure Requirements and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Other Information

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 30 September 2023, but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

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 – Simplified Disclosure Requirements and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 has 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

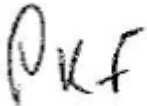
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.



PKF



KYM REILLY
PARTNER

16 JANUARY 2024
SYDNEY, NSW