



Macksville District Ex-Servicemen's Club Ltd

ABN: 36 000 902 170

Financial Statements

For the year ended 31 January 2022

Macksville District Ex-Servicemen's Club Ltd

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For the year ended 31 January 2022

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Macksville District Ex-Servicemen's Club Ltd

Directors' report

31 January 2022

The directors present their report on Macksville District Ex-Servicemen's Club Ltd for the financial year ended 31 January 2022.

Information on directors

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

Robert J. Laird

Responsibilities: Chairman
Qualifications: Retired
Experience: Previous Vice Chairman and Director
Service: Full Period

Kenneth W. Walker

Responsibilities: Vice Chairman
Qualifications: Retired
Experience: Previous Director
Service: Full Period

Trevor Ledger

Responsibilities: Director
Qualifications: Business Owner
Experience: Previous Director
Service: Full Period

Ian Flarrety

Responsibilities: Director
Qualifications: Business Owner
Experience: Previous Director
Service: Full Period

Neville Dykes

Responsibilities: Director
Qualifications: Business Owner
Experience: Previous Director
Service: Full Period

Helen Reibel

Responsibilities: Director
Qualifications: RSL Sub Branch Vice President
Experience: Previous Director
Service: Full Period

Macksville District Ex-Servicemen's Club Ltd

Directors' report

31 January 2022

Petah Russell

Responsibilities: Director

Qualifications: Manager

Experience: Previous Director

Service: Full Period

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

Meetings of directors

| Director's Name | Eligible to attend | Number attended |
|-------------------|--------------------|-----------------|
| Robert J. Laird | 10 | 10 |
| Kenneth W. Walker | 10 | 10 |
| Trevor Ledger | 10 | 9 |
| Ian Flarrey | 10 | 8 |
| Neville Dykes | 10 | 10 |
| Helen Reibel | 10 | 9 |
| Petah Russell | 10 | 2 |

Principal activities

The principal activity of Macksville District Ex-Servicemen's Club Ltd during the financial year was to conduct the operations of a Registered Licensed Club. The Club's objective is to operate in a responsible and financially sensible manner with the aim to continue to provide all our members an our local community with a venue to meet their needs. The Club continues to support the Macksville RSL Sub Branch in their work with serving ex-service men and women and their families.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

- Provide a place of enjoyment for all members by continuing the standard of entertainment now provided.
- Continue to offer members the current facilities available and to welcome new members to our Club.
- Support local individuals and groups - educational, sporting and community.

Macksville District Ex-Servicemen's Club Ltd

Directors' report

31 January 2022

Long term objectives

- Continue to provide and up to date Club with facilities to meet members' needs.
- Maintain financial stability of the Club.
- Repay the debt incurred in modernising the Club premises.

Strategy for achieving the objectives

- Provide the best possible facilities to members.
- Provide entertainment and activities to attract patronage to the Club.
- Offer patrons quality meals and beverages.
- Annual development of a financial budget and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities.

How principal activities assisted in achieving the objectives

The principal activities assisted the Club in achieving its objectives by providing reasonably priced food and beverages, entertainment, responsible approved gambling including, Keno and Gaming Machines, and meeting or function venues as required.

Performance measures

- Monitoring performance by comparing actual results to past performance.
- Reviewing key performance indicators such as gross profit margins, wages to turnover ratios, net returns from trading and average return per poker machine.

Operating results

The profit/(loss) of the Company after providing for income tax amounted to \$20,940 (2021: \$410,289)

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Property classification

Members are advised that in accordance with Section 41E (5) of the Registered Clubs Act, the Board of Directors have determined the property classification as follows:

Macksville District Ex-Servicemen's Club Ltd

Directors' report

31 January 2022

Core Property - 16 Cooper Street Macksville

| | | | |
|----------|-----------|------------|------------------------|
| Lots 2-4 | Section C | in DP6045 | Club house and Grounds |
| Lots 4-5 | | in DP23202 | Car Park |

Non-Core Property

| | | | |
|----------|-----------|------------|-----------------------|
| Lots 2-3 | | in DP22302 | 29 Princess Street |
| Lots 5-9 | Section C | in DP6045 | 18 - 22 Cooper Street |
| Lot 11 | Section C | in DP6045 | 18 - 22 Cooper Street |
| Lot 12 | | in DP55012 | 18 - 22 Cooper Street |

Events after the reporting date

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

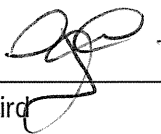
Members Guarantee

The Company is registered with the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 January 2022 the number of members was 2,898 (2021: 2,803).

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 January 2022 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of directors.



Robert J. Laird
Chairman



Kenneth W. Walker
Vice Chairman

Dated: 24 May 2022



24 May 2022

The Directors
Macksville District Ex-Servicemen's Club Limited
16 Cooper Street
Macksville NSW 2447

Dear Directors,

Auditor's independence declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 January 2022, there have been:

- no contraventions of the auditor independence requirements as set out in section 307C of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

HLV Audit Pty Ltd

Angela Holladay
Director

Macksville NSW

MACKSVILLE

18 Wallace Street
PO Box 27
MACKSVILLE NSW 2447

P 02 6568 3000
F 02 6568 1600
E macksville@hlv.com.au

NAMBUCCA HEADS

7 Mann Street
PO Box 8
NAMBUCCA HEADS NSW 2448

P 02 6568 6197
F 02 6568 7144
E nambucca@hlv.com.au

URUNGA

15 Bonville Street
URUNGA NSW 2455

P 02 6655 5530
F 02 6655 5530
E urunga@hlv.com.au

HLV AUDIT PTY LTD

ABN 70 606 296 431
AAC 478051

W www.hlv.com.au

E info@hlv.com.au

Liability limited by a Scheme approved
under Professional Standards Legislation.

Macksville District Ex-Servicemen's Club Ltd

Statement of income and retained earnings

For the year ended 31 January 2022

| | Note | 2022 \$ | 2021 \$ |
|---|------|--------------------|--------------------|
| Revenue | 5 | 3,413,189 | 3,192,668 |
| Finance income | | 103 | 112 |
| Other income | 5 | 64,230 | 55,294 |
| Total income | | 3,477,522 | 3,248,074 |
| Cost of goods sold | | (862,355) | (666,781) |
| Depreciation and amortisation | | (230,786) | (204,835) |
| Employee benefit expenses | | (1,382,093) | (1,210,164) |
| Finance expenses | | (23,587) | (30,809) |
| Other expenses | | (957,761) | (725,196) |
| Total expenses | | (3,456,582) | (2,837,785) |
| Profit (loss) before income taxes | | 20,940 | 410,289 |
| Income tax | 3.a | - | - |
| Profit (loss) for the year | | 20,940 | 410,289 |
| Retained earnings | Note | 2022 \$ | 2021 \$ |
| Opening balance | | 2,002,656 | 1,592,366 |
| Profit for the year | | 20,940 | 410,289 |
| Retained earnings at the end of the year | | 2,023,596 | 2,002,655 |

The accompanying notes form part of these financial statements.

Macksville District Ex-Servicemen's Club Ltd

Statement of financial position

As at 31 January 2022

| | Note | 2022 \$ | 2021 \$ |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 707,242 | 726,620 |
| Trade and other receivables | | 14,030 | 31,151 |
| Inventories | 9 | 50,213 | 42,633 |
| Prepayments | | 32,641 | 32,611 |
| Total current assets | | 804,126 | 833,015 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 1,839,268 | 2,004,767 |
| Intangible assets | 12 | 151,065 | 151,065 |
| Investment properties | 11 | 413,365 | 421,091 |
| Total non-current assets | | 2,403,698 | 2,576,923 |
| Total assets | | 3,207,824 | 3,409,938 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 305,088 | 328,469 |
| Borrowings | 15 | 122,296 | 146,224 |
| Employee benefits | 17 | 270,699 | 251,844 |
| Lease liabilities | 13 | 89,868 | 81,788 |
| Other liabilities | 16 | 30,304 | 25,814 |
| Total current liabilities | | 818,255 | 834,139 |
| Non-current liabilities | | | |
| Trade and other payables | 14 | - | 47,000 |
| Borrowings | 15 | 229,440 | 362,778 |
| Employee benefits | 17 | 30,052 | 21,215 |
| Lease liabilities | 13 | 106,481 | 142,151 |
| Total non-current liabilities | | 365,973 | 573,144 |
| Total liabilities | | 1,184,228 | 1,407,283 |
| Net assets | | 2,023,596 | 2,002,655 |
| Equity | | | |
| Opening balance | | 2,002,656 | 1,592,366 |
| Profit for the year | | 20,940 | 410,289 |
| Total equity | | 2,023,596 | 2,002,655 |

The accompanying notes form part of these financial statements.

Macksville District Ex-Servicemen's Club Ltd

Statement of cash flows

For the year ended 31 January 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash flows from operating activities: | | |
| Receipts from customers | 3,512,156 | 2,754,369 |
| Payments to suppliers and employees | (3,502,854) | (2,882,149) |
| Interest received | 117 | 112 |
| Interest paid | (24,676) | (30,809) |
| Receipt from government subsidies and rebates | 252,464 | 681,946 |
| Rent received | 52,045 | 52,836 |
| Net cash flows from/(used in) operating activities | 289,252 | 576,305 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (56,614) | (25,624) |
| Cash flows from financing activities: | | |
| Repayment of borrowings | (157,267) | (75,648) |
| Repayment of lease liabilities | (94,750) | (72,793) |
| Net cash provided by/(used in) financing activities | (252,017) | (148,441) |
| Net increase/(decrease) in cash and cash equivalents | (19,379) | 402,240 |
| Cash and cash equivalents at beginning of year | 726,620 | 324,380 |
| Cash and cash equivalents at end of financial year | 707,241 | 726,620 |

The accompanying notes form part of these financial statements.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

1. Introduction

The financial report covers Macksville District Ex-Servicemen's Club Ltd as an individual entity. Macksville District Ex-Servicemen's Club Ltd is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Macksville District Ex-Servicemen's Club Ltd is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

The financial report was authorised for issue by the Directors on 24 May 2022.

2. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

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.

3. Summary of significant accounting policies

a. Income tax

Income tax is not levied on the operations of the Company as they pertain to members, being exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*, but only in regard to activities concerning visitors as well as the Company's investment income. Therefore, normal company rates of tax are not based on the operating results for the year, but rather on the portion applicable to visitors and investment income. This is known as the principle of mutuality.

As at balance date, the Company has carried forward income tax losses of \$178,571. Although the Company may trade profitably in future years, after applying the principle of mutuality for taxation purposes, the probability of absorbing the entire balance of carried forward income tax losses is considered to be very low. Therefore, no deferred tax asset has been recognised in the financial statements as there is no certainty that the taxation losses will provide an economic benefit in the future.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

b. 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.

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.

c. Impairment of non-financial assets

At the end of each reporting period the Company 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. 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.

d. Financial instruments

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

On initial recognition, all financial instruments are measured at fair value plus transaction costs. The Company has not recognised any financial instruments measured at fair value through profit or loss in the financial statements.

i. Financial assets

Classification

On initial recognition, the Company classifies its financial assets into those measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

Amortised cost

The Company'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 (where material) 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.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate (where material) and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

ii. Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method (where material). The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

e. Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at or before 31 January 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

f. New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has chosen to early adopt the following:

- AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities.
- AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities.

The Company early adopted AASB 1060 and AASB 2021-1 from 1 February 2021. The Company previously applied all recognition and measurement requirements of Australian Accounting Standards and so the adoption of these standards did not have a material impact.

The Company has decided not to early adopt any other Standards or Interpretations and these are not expected to have a material effect on the Company in the current period and on foreseeable future transactions.

4. Critical accounting estimates and judgements

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.

a. Key estimates - impairment of non financial assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant non financial assets are reassessed using fair value less cost to sell or value-in-use calculations which incorporate various key assumptions.

b. Key estimates - estimated useful lives

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite or indefinite life of any intangible assets held. The useful lives could change 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.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

c. Key estimates - employee benefits

The Company records a provision for employee benefits for future cash outflows expected to be incurred due to employer obligations for long service.

The Company classifies employee benefits as current where eligible personnel have satisfied all eligibility requirements, whilst those with a length of service of greater than five years, but less than ten years, have been classified as non-current at their current value of accrued benefits. Personnel with a length of service of less than five years have not been provided. The effect of discounting is not considered material and adjustments for future pay increases have not been projected.

5. Revenue and other income

a. Accounting policy

i. 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 Company expects to receive in exchange for those goods or services.

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 Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

ii. Specific revenue streams

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

Sale of goods and provision of services

The Company usually recognises point-of-sale-based revenues derived from the sale of goods (such as bar and bistro sales) and the provision of service (such as gaming revenues) at a point in time, as the performance obligations inherent in these goods and services are generally satisfied at the time considered received.

The Company may receive consideration for the provision of services in advance of those performance obligations being satisfied (such as functions). Whilst the revenue is still recognised at a point in time, this timing difference may give rise to a temporary liability.

The Company recognises revenue derived from membership fees over time as the performance obligations inherent in membership are deemed to be both satisfied and simultaneously consumed by the customer over the period to which the membership relates. Accordingly, a contract liability

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

will be recognised for the amounts received but not recognised as revenue at balance date.

Grants or subsidies (including economic stimulus)

The Company assesses the specific facts and circumstances of each grant or subsidy received to determine the appropriate application of revenue recognition requirements. These will generally vary between AASB 15 Revenue from Contracts with Customers (recognised as performance obligations are satisfied) or AASB 1058 Income for Not-for-Profit Entities (recognised immediately in the profit or loss once irrevocably entitled).

iii. Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

iv. Other income

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

b. Revenue from continuing operations

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| Bar | 396,399 | 310,500 |
| Catering | 853,487 | 655,602 |
| Meals on Wheels | 153,336 | 131,215 |
| Poker Machines | 1,554,920 | 1,280,932 |
| Facility hire for meetings | 3,570 | 3,480 |
| Entertainment and promotions | 113,326 | 68,386 |
| Member subscriptions | 13,479 | 11,244 |
| | 3,088,517 | 2,461,359 |
| Revenue from other sources | | |
| Economic stimulus | 166,632 | 657,700 |
| Gaming rebates | 17,180 | 17,180 |
| Training subsidies | 85,832 | 7,066 |
| Commissions | 55,028 | 49,363 |
| | 324,672 | 731,309 |
| Total Revenue from continuing operations | 3,413,189 | 3,192,668 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

c. Other income

| | 2022 | 2021 |
|--------------------|--------|--------|
| | \$ | \$ |
| Rental income | 52,045 | 52,836 |
| Insurance proceeds | 6,345 | - |
| Other income | 5,840 | 2,458 |
| | 64,230 | 55,294 |

6. Auditor's remuneration

| | 2022 | 2021 |
|-------------------------------------|--------|--------|
| | \$ | \$ |
| HLV Audit Pty Ltd | | |
| Audit of the financial report | 24,400 | 31,200 |
| Other remuneration of the auditor | - | 4,400 |
| Total Auditor's remuneration | 24,400 | 35,600 |

7. Cash and cash equivalents

a. Accounting policy

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

8. Cash flow information

Reconciliation of net income to net cash provided by operating activities:

| | 2022 | 2021 |
|--|----------|-----------|
| | \$ | \$ |
| Profit for the year | 20,940 | 410,289 |
| Add / (less) non-cash items: | | |
| (Profit) / loss on sale of assets | 20 | 8,242 |
| Depreciation and amortisation | 296,975 | 236,068 |
| Changes in assets and liabilities: | | |
| (increase) / decrease in receivables | 17,121 | 3,700 |
| (increase) / decrease in inventories | (7,580) | 6,879 |
| (increase) / decrease in other assets | (30) | (7,351) |
| increase / (decrease) in payables | (70,376) | (128,982) |
| increase / (decrease) in employee benefits | 27,692 | 2,854 |
| increase / (decrease) in other liabilities | 4,490 | (2,406) |
| Cash flows from operations | 289,252 | 529,293 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

9. Inventories

a. Inventory details

| Current | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Bar stock on hand - at cost | 32,834 | 23,134 |
| Bistro stock on hand - at cost | 17,379 | 19,499 |
| Total Inventory | 50,213 | 42,633 |

10. Property, plant and equipment

a. Accounting policy

Each class of property, plant and equipment is measured using the cost model and is carried at cost less, where applicable, any accumulated depreciation and impairment.

i. Depreciation

Property, plant and equipment, excluding freehold land, is depreciated both a straight-line and reducing balance basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

| Fixed asset class | Depreciation rate |
|----------------------------------|-------------------|
| Land | N/A |
| Buildings | 2.5% - 4.0% |
| Plant and equipment | 7.5% - 40.0% |
| Furniture, fixtures and fittings | 7.5% - 40.0% |

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. When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

b. Property, plant and equipment details

| Summary | 2022 | 2021 |
|---|-------------|-------------|
| | \$ | \$ |
| Land | 183,011 | 183,011 |
| Buildings | | |
| At cost | 2,409,514 | 2,400,574 |
| Accumulated depreciation | (1,368,569) | (1,313,245) |
| Total Buildings | 1,040,945 | 1,087,329 |
| Plant and equipment | | |
| At cost | 2,098,405 | 2,002,304 |
| Accumulated depreciation | (1,557,775) | (1,357,619) |
| Total Plant and equipment | 540,630 | 644,685 |
| Furniture, fixtures and fittings | | |
| At cost | 599,425 | 593,853 |
| Accumulated depreciation | (524,743) | (504,111) |
| Total Furniture, fixtures and fittings | 74,682 | 89,742 |
| Total Property, plant and equipment | 1,839,268 | 2,004,767 |

Movement in carrying amounts

| 2022 | Land | Buildings | Plant and equipment | Furniture, fixtures and fittings | Total |
|------------------------|---------|-----------|------------------------|--|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 183,011 | 1,087,329 | 644,685 | 89,742 | 2,004,767 |
| Additions | - | 8,940 | 96,590 | 18,244 | 123,774 |
| Disposals | - | - | (7) | (16) | (23) |
| Depreciation | - | (55,324) | (200,638) | (33,288) | (289,250) |
| Closing balance | 183,011 | 1,040,945 | 540,630 | 74,682 | 1,839,268 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

11. Investment properties

a. Accounting policy

Investment property is measured using the cost model and is carried at cost less, where applicable, any accumulated depreciation and impairment.

i. Depreciation

The buildings that form investment properties owned by the Company are depreciated on a straight-line basis over an assessed useful life of 33 years. Additional improvements are depreciated on a straight-line and reducing balance over the asset's useful life.

b. Investment property details

| Summary | 2022 | 2021 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Investment property | | |
| At cost | 585,966 | 585,966 |
| Accumulated depreciation | (172,600) | (164,875) |
| Total Investment property | 413,366 | 421,091 |

Movement in carrying amounts

| 2022 | Owned property | Total |
|------------------------|----------------|----------------|
| | \$ | \$ |
| Opening balance | 421,091 | 421,091 |
| Depreciation | (7,725) | (7,725) |
| Closing balance | 413,366 | 413,366 |

Investment returns

Both investment properties have been tenanted during the full financial year. The rental income earned on these investment properties is recognised in the statement of income and retained earnings.

Investment property valuation

The investment properties were independently valued in June 2016. The valuation was based on the fair market value based on similar properties. The critical assumptions in determining the valuation method included the location of the land and buildings, sales data for similar properties and capitalisation of an assessed net annual rental return. The fair value of these investment properties determined by the independent valuers in 2016 are disclosed below.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

Based on the current market, the Directors do not expect the fair value of these investment properties to have declined as compared to the amounts valued in 2016.

| Description | 2016 |
|--------------------------------|----------------|
| | \$ |
| Cooper Street | 650,000 |
| Princess Street | 140,000 |
| Total Fair Value (2016) | 790,000 |

12. Intangible assets

a. Accounting policy

i. Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b. Intangible asset details

| Summary | 2022 | 2021 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Poker Machine Entitlements | | |
| At cost | 194,998 | 194,998 |
| Accumulated impairment | (43,933) | (43,933) |
| Net carrying amount | 151,065 | 151,065 |

Intangible assets reflect poker machine entitlements that have been purchased by the Company in previous years. It is widely considered that the life of these entitlements are indefinite and consequently the cost cannot be amortised.

Intangible assets must be tested for impairment at least annually. Impairment occurs when an asset's carrying amount exceeds the recoverable amount. The value of the asset must be reduced to the lower amount with the resulting loss being reflected in the profit or loss.

Where the recoverable amount exceeds the carrying amount, a recovery of previously recognised impairment losses are allowed to the maximum value of those amounts recognised.

The Company has performed value in use calculations based on estimated cashflows derived from these intangible assets and the Director's have determined that the carrying amount of the poker machine entitlements is not impaired at 31 January 2022.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

13. Leases

a. Accounting policy

At inception of a contract, the Company assesses whether a lease exists.

i. Lessee accounting

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company 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 Company'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 Company'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.

Exceptions to lease accounting

The Company 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 Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

b. Company as a lessee

i. Terms and conditions of leases

The Company retains right of use assets and associated lease liabilities for the following:

- Poker machine equipment and their related licenses, for terms between two and three years requiring monthly repayments.
- Multiscreen Communication Equipment Agreement with a total lease term of 60 months commencing May 2017. This lease agreement ceased during the current year.
- POS Terminal System Equipment Lease with a total lease term of 36 months commencing August 2021 requiring monthly repayments of \$1,983 (ex. GST).

These lease liabilities are secured by the underlying right of use asset and are presented within *Property, Plant and Equipment* in the statement of financial position (Note 10).

ii. Right of use assets in plant and equipment

| Description | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Poker machines and related licenses | 134,020 | 235,604 |
| Multiscreen Communication System | - | 1,388 |
| POS Terminal System | 55,967 | - |
| Total Carrying amount of right of use assets | 189,987 | 236,992 |

iii. Lease liabilities

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

| | 2022 \$ | 2021 \$ |
|--|----------------|----------------|
| < 1 year | 93,870 | 82,505 |
| 1 - 5 years | 108,686 | 146,446 |
| Total undiscounted lease liabilities | 202,556 | 228,951 |
| Lease liabilities in the statement of financial position | 196,349 | 223,939 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

iv. Statement of income and retained earnings

The amounts recognised in the statement of income and retained earnings relating to interest expense and depreciation on lease liabilities and short-term leases or leases of low value assets are shown below:

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$ | \$ |
| Interest expense on lease liabilities | 3,032 | - |
| Payments relating to short term and low value leases | 8,544 | 6,532 |
| Depreciation of right-of-use assets | 66,189 | 31,233 |
| Total lease expenses | 77,765 | 37,765 |

14. Trade and other payables

| Current | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Trade payables | 150,666 | 130,290 |
| Accrued expenses | 55,815 | 79,171 |
| ATO liabilities | 90,188 | 111,498 |
| Other trade and other payables | 8,419 | 7,510 |
| Total Current trade and other payables | 305,088 | 328,469 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days, with the exception of ATO and Superannuation liabilities, which are normally settled on ordinary statutory timeframes. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

| Non-current | 2022 | 2021 |
|---|----------|---------------|
| | \$ | \$ |
| ATO liabilities | - | 47,000 |
| Total Non-current trade and other payables | - | 47,000 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

15. Borrowings

| Current | 2022 | 2021 |
|----------------|-------------|-------------|
| | \$ | \$ |
| Bank loans | 122,296 | 146,224 |

| Non-current | 2022 | 2021 |
|--------------------|-------------|-------------|
| | \$ | \$ |
| Bank loans | 229,440 | 362,778 |

a. Summary of borrowings

1. In March 2018, the Company secured a business loan facility totaling \$800,000 for the purposes of future upgrades and maintenance of the Club. The term of the loan is for six years with fortnightly repayments of principal and interest with a final payment of an residual balance at the end of the loan term. As at 31 January 2022 , the variable interest rate on this loan was 4.24% with a minimum fortnightly repayment of \$5,753.42. The terms of the loan allow progressive drawing and as at 31 January 2022 the loan balance was \$351,736 with a redraw facility available of \$36,919.67.
2. In April 2016, the Company established a loan with ANZ Finance for \$163,836 to fund the replacement of the Club's air-conditioning system. The term of the loan is for five years with monthly principal and interest repayments of \$3,140 commencing in April 2016. This loan was fully repaid during the year.

In the prior year, both loans were varied during the financial year as the Company engaged in deferral options to assist with cashflow management as a result of the COVID-19 Pandemic. As a result, repayments were deferred for a six-month period between April 2020 and October 2020. The terms of each loan agreement have been updated to reflect the extended term and associated repayments.

b. Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

16. Other liabilities

| Current | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Membership in advance | 20,331 | 20,087 |
| Rebates in advance | 5,728 | 5,727 |
| Deposits in advance | 4,245 | - |
| Total Other liabilities | 30,304 | 25,814 |

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

17. Employee benefits

a. Accounting policy

Provision is made for the Company's liability for employee benefits, those 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, plus related on-costs. Changes in the measurement of the liability are recognised in profit or loss.

b. Employee benefit details

| Current | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| Annual leave | 183,867 | 153,025 |
| Long service leave | 86,832 | 98,819 |
| Total Current employee benefits | 270,699 | 251,844 |

| Non-current | 2022 | 2021 |
|--|---------------|---------------|
| | \$ | \$ |
| Long service leave | 30,052 | 21,215 |
| Total Non-current employee benefits | 30,052 | 21,215 |

18. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 2022 (2021: None).

19. Members' guarantee

The Company is registered with the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the Company. At 31 January 2022 the number of members was 2,898 (2021: 2,803).

20. Related parties

a. Key management personnel

The remuneration paid to key management personnel of the Company is \$109,659 (2021: \$96,063).

Related parties include key management personnel (including those charged with governance), 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.

Macksville District Ex-Servicemen's Club Ltd

Notes to the financial statements

For the year ended 31 January 2022

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.

The Company did not enter into any related party transactions during the financial year.

21. Events occurring after the reporting date

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

22. Statutory information

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

Macksville District Ex-Servicemen's Club Ltd
16 Cooper Street
Macksville NSW Australia
2447

Macksville District Ex-Servicemen's Club Ltd

Directors' declaration

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 January 2022 are in accordance with the *Corporations Act 2001* and:
 - comply with Australian Accounting Standards - Simplified Disclosures; and
 - give a true and fair view of the financial position as at 31 January 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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



Robert J. Laird
Chairman

Dated: 24 May 2022



Kenneth W. Walker
Vice Chairman

Independent audit report to the members of Macksville District Ex-Servicemen's Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a simplified disclosure financial report of Macksville District Ex-Servicemen's Club Ltd (the Company), which comprises the statement of financial position as at 31 January 2022, the statement of income and retained earnings and the statement of cash flows for the year then ended, notes to the financial statements and the Directors' declaration.

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

- a. giving a true and fair view of the financial position of the Company as at 31 January 2022 and of its financial performance for the year ended on that date; and
- b. complying with the 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 Entity in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

MACKSVILLE

18 Wallace Street
PO Box 27
MACKSVILLE NSW 2447

P 02 6568 3000
F 02 6568 1600
E macksville@hlv.com.au

NAMBUCCA HEADS

7 Mann Street
PO Box 8
NAMBUCCA HEADS NSW 2448

P 02 6568 6197
F 02 6568 7144
E nambucca@hlv.com.au

URUNGA

15 Bonville Street
URUNGA NSW 2455

P 02 6655 5530
F 02 6655 5530
E urunga@hlv.com.au

HLV AUDIT PTY LTD

ABN 70 606 296 431
AAC 478051

W www.hlv.com.au
E info@hlv.com.au

Liability limited by a Scheme approved
under Professional Standards Legislation.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

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E macksville@hlv.com.au

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PO Box 8
NAMBUCCA HEADS NSW 2448

P 02 6568 6197
F 02 6568 7144
E nambucca@hlv.com.au

URUNGA

15 Bonville Street
URUNGA NSW 2455

P 02 6655 5530
F 02 6655 5530
E urunga@hlv.com.au

HLV AUDIT PTY LTD

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AAC 478051

W www.hlv.com.au
E info@hlv.com.au

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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, actions taken to eliminate threats or safeguards applied.

HLV Audit Pty Ltd

HLV Audit Pty Ltd

Attolladay

Angela Holladay

Director

Macksville NSW

24 May 2022

MACKSVILLE

18 Wallace Street
PO Box 27
MACKSVILLE NSW 2447

P 02 6568 3000
F 02 6568 1600
E macksville@hlv.com.au

NAMBUCCA HEADS

7 Mann Street
PO Box 8
NAMBUCCA HEADS NSW 2448

P 02 6568 6197
F 02 6568 7144
E nambucca@hlv.com.au

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15 Bonville Street
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P 02 6655 5530
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