

Kempsey Macleay RSL Club Ltd

Financial Statements

For the Year Ended 31 December 2021

Kempsey Macleay RSL Club Ltd

Contents

For the Year Ended 31 December 2021

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Kempsey Macleay RSL Club Ltd

Directors' Report 31 December 2021

The directors present their report on Kempsey Macleay RSL Club Ltd for the financial year ended 31 December 2021.

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:

Paul Maurice McGregor	Chair
Experience	This is the second time Paul has been appointed to the Board of Directors. the first 1993 to 1999, 6 years, the second time was 2004 to current 15 years and seven months. A total of 23 years and seven months working for the members of the club.
Other directorships in listed entities held in the previous three years	Member of the Finance Committee
Warren Gallard	Vice Chair
Experience	Warren has been on the Board since 20 October 2015
Ronald James Kennedy	
Experience	This is the 7th year that Ron has been on the Kempsey Macleay RSL Club Ltd Board. Ron was previously Vice President of Davistown RSL Bowling Club
Other directorships in listed entities held in the previous three years	Ron is currently also the President of the Kempsey Macleay RSL Men's Bowling Club.
Robert Thomas Ainsworth	
Experience	Robert has been on the board for 36 years 1 month
Gregory Joseph Brown	
Qualifications	Gregory has been on the board of directors for 9 years and seven months.
Special responsibilities	Gregory is the Police Liaison Officer for Kempsey community
John Daley	
Experience	John has been on the Board of Directors since August 2016.
Special responsibilities	Member of the Finance Committee.
John Graham	
Experience	John became a member of the Board in 2018.
Other current directorships in entities	John is the Treasurer of the Kempsey Race Club

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

Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2021

1. General information

Principal activities

The principal activity of Kempsey Macleay RSL Club Ltd during the financial year was the provision of social amenities for members and their guests.

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

Short term objectives

The Company's short term objectives are to:

- Further increase the club amenity by providing the best hospitality, entertainment and gaming on the Mid North Coast.
- Increase penetration into existing markets

Long term objectives

The Company's long term objectives are to:

- Redevelop existing properties to increase the scope of activities offered to members.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Identifying employee development opportunities and career development plans for all staff.
- Ensuring a strong customer focus in service provisions.
- Promoting a sense of community and belonging throughout the Kempsey Macleay RSL Club constituency
- Reducing the costs of operations through redesigning the work place and work practices.

Performance measures

The following measures are used within the Company to monitor performance:

- Gross Profit Margin.
- Net Profit Margin.
- Allocation of costs to cost centres.
- Estimates and Judgements.

Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2021

1. General information

Members' guarantee

Kempsey Macleay RSL Club Ltd 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 \$ 2 for members that are corporations and \$ 2 for all other members, subject to the provisions of the company's constitution.

At 31 December 2021 the collective liability of members was \$ 21,568 (2020: \$ 19,586).

Core property under Section 41J(2) of the Registered Clubs Act

In Terms of Section 41J(2) of the Registered Clubs Act, the following are regarded as core properties of the club

1. 1 York Lane, Kempsey NSW
2. 13 Austral Street, Kempsey NSW

2. Other items

Future developments and results

Likely developments in the operations of the Company 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 Company.

Meetings of directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Paul Maurice McGregor	11
Ronald James Kennedy	11
Robert Thomas Ainsworth	10
Gregory Joseph Brown	9
John Daley	10
Warren Gallard	11
John Graham	9

Kempsey Macleay RSL Club Ltd

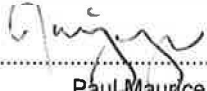
Directors' Report

31 December 2021

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 December 2021 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:

Chair: 
Paul Maurice McGregor

Vice Chair: 
Warren Gallard

4th April 2022

Kempsey Macleay RSL Club Ltd

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Kempsey Macleay RSL Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, 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.

Chartered Accountants



Judy Brown
B Bus CA

Kempsey NSW 2440

Date 5th April 2022

Kempsey Macleay RSL Club Ltd

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

		2021	2020
		\$	\$
Revenue	4	10,040,382	7,467,903
Other income	4	279,936	302,442
Changes in inventories of finished goods and work in progress		(1,470,638)	(1,361,900)
Employee Expenses		(3,963,911)	(2,088,444)
Depreciation, amortisation and impairments		(1,267,344)	(1,146,203)
Administrative expenses		(844,059)	(1,086,837)
Other Expenses		(1,608,330)	(1,278,417)
Impairment of Assets		(585,756)	(640,460)
Finance costs		(46,498)	(62,511)
Surplus before income tax		533,782	105,573
Income tax expense		-	-
Surplus for the year		533,782	105,573
Other comprehensive income, net of income tax			
Covid Support	4	348,579	100,000
Total comprehensive income for the year		882,361	205,573

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Financial Position

As At 31 December 2021

	2021	2020
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5 3,384,758	2,048,947
Trade and other receivables	6 32,725	31,968
Inventories	7 208,713	221,327
Other assets	10 74,189	17,719
TOTAL CURRENT ASSETS	3,700,385	2,319,961
NON-CURRENT ASSETS		
Property, plant and equipment	8 10,702,889	11,135,261
Intangible assets	9 1,288,000	1,288,000
TOTAL NON-CURRENT ASSETS	11,990,889	12,423,261
TOTAL ASSETS	15,691,274	14,743,222
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	11 1,214,356	765,974
Borrowings	12 567,722	743,741
Employee benefits	14 216,121	264,829
Other financial liabilities	13 31,747	39,348
TOTAL CURRENT LIABILITIES	2,029,946	1,813,892
NON-CURRENT LIABILITIES		
Borrowings	12 1,198,527	1,415,000
Employee benefits	14 145,704	97,081
Other financial liabilities	13 31,387	13,900
TOTAL NON-CURRENT LIABILITIES	1,375,618	1,525,981
TOTAL LIABILITIES	3,405,564	3,339,873
NET ASSETS	12,285,710	11,403,349
EQUITY		
Reserves	1,024,758	1,024,758
Retained earnings	11,260,952	10,378,591
TOTAL EQUITY	12,285,710	11,403,349

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Changes in Equity

For the Year Ended 31 December 2021

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2021	10,378,591	1,024,758	11,403,349
Surplus attributable to members of the entity	882,361	-	882,361
Balance at 31 December 2021	11,260,952	1,024,758	12,285,710

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2020	10,173,018	1,024,758	11,197,776
Surplus attributable to members of the entity	205,573	-	205,573
Balance at 31 December 2020	10,378,591	1,024,758	11,403,349

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Cash Flows

For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	10,668,140	8,955,542
Payments to suppliers and employees	(7,391,706)	(7,316,200)
Net cash provided by/(used in) operating activities	<u>3,276,434</u>	<u>1,639,342</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,525,540)	(242,215)
Net cash provided by/(used in) investing activities	<u>(1,525,540)</u>	<u>(242,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of Finance loans and leases	(414,725)	130,080
Net cash provided by/(used in) financing activities	<u>(414,725)</u>	<u>130,080</u>
Net increase/(decrease) in cash and cash equivalents held	1,336,169	1,527,207
Cash and cash equivalents at beginning of year	2,048,589	521,382
Cash and cash equivalents at end of financial year	5 <u>3,384,758</u>	<u>2,048,589</u>

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2021

The financial report covers Kempsey Macleay RSL Club Ltd as an individual entity. Kempsey Macleay RSL Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Kempsey Macleay RSL Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 05 April 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

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

Gain on disposal of non-current assets

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

Other income

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

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) 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.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the revaluation model.

Depreciation

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

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5% to 33.34%
Poker Machines	25%

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.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. 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 (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(h) Financial instruments

- held-to-maturity investments.

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 in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(h) Financial instruments

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(h) Financial instruments

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Cash and cash equivalents

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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Provision is made for the Company'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 high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company

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 - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Critical Accounting Estimates and Judgments

Key estimates Covid 19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Kempsey Macleay RSL Club Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Sales revenue		
- Bar Sales and Poker Machine Clearances	8,205,722	5,732,692
- Bingo and Raffles	40,489	58,393
- Catering	1,758,155	1,608,519
- Commission Fees	206,818	206,365
- Interest	8,021	-
- Profit on Disposal of Asset	-	22,935
- Room Hire	-	9,904
- Members Subscriptions	65,775	58,979
- Sundry income	35,338	-
- Covid Support	348,579	-
	<u>10,668,897</u>	<u>7,697,787</u>

5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	3,378,241	2,039,843
Deposits at call	6,500	6,500
Other cash and cash equivalents	17	2,604
	<u>3,384,758</u>	<u>2,048,947</u>

6 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	26,222	31,968
Deposits	2,703	-
Other receivables	3,800	-
Total current trade and other receivables	<u>32,725</u>	<u>31,968</u>

7 Inventories

	2021	2020
	\$	\$
CURRENT		
At cost:		
Trading Stock	190,765	201,491
Non Trading	17,948	19,836
	<u>208,713</u>	<u>221,327</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Inventories

Write downs of inventories to net realisable value during the year were \$ NIL (2020: \$ NIL).

8 Property, plant and equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At Valuation	1,196,513	1,196,513
Total Land	<u>1,196,513</u>	<u>1,196,513</u>
Buildings		
At cost	11,908,758	12,431,786
Accumulated depreciation	(4,037,367)	(3,823,543)
Total buildings	<u>7,871,391</u>	<u>8,608,243</u>
Total land and buildings	<u>9,067,904</u>	<u>9,804,756</u>
Plant and equipment		
At cost	4,601,404	4,774,593
Accumulated depreciation	(4,171,133)	(4,253,476)
Total plant and equipment	<u>430,271</u>	<u>521,117</u>
Poker Machines		
At cost	3,585,928	4,096,880
Accumulated depreciation	(2,789,511)	(3,626,292)
Total Poker Machines	<u>796,417</u>	<u>470,588</u>
Office equipment		
At cost	520,750	516,469
Accumulated depreciation	(158,119)	(177,669)
Total office equipment	<u>362,631</u>	<u>338,800</u>
At cost	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>10,702,889</u>	<u>11,135,261</u>

Notes to the Financial Statements

For the Year Ended 31 December 2021

8 Property, plant and equipment (a) Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant and Equipment \$	Poker Machines \$
Year ended 31 December 2021				
Balance at the beginning of year	1,196,513	8,608,243	521,117	470,588
Additions	-	143,115	471,196	849,978
Impairment	-	(540,017)	(45,238)	-
Transfers				
Transfers Disposals	-	32,646	926	(183,951)
Depreciation expense	-	(372,595)	(517,730)	(340,198)
Balance at the end of the year	1,196,513	7,871,392	430,271	796,417

	Office Equipment \$	Total \$
Year ended 31 December 2021		
Balance at the beginning of year	338,800	11,135,261
Additions	15,586	1,525,540
Impairment	-	(585,255)
Transfers		
Transfers Disposals	45,066	(105,313)
Depreciation expense	(36,821)	(1,267,344)
Balance at the end of the year	362,631	10,702,889

9 Intangible Assets

Poker Machine Entitlements at Valuation		
Cost	1,288,000	1,288,000
Total Intangibles	1,288,000	1,288,000

10 Other Assets

	2021 \$	2020 \$
CURRENT Prepayments	74,189	17,719

11 Trade and Other Payables

Notes to the Financial Statements
For the Year Ended 31 December 2021

11 Trade and Other Payables

	2021	2020
Note	\$	\$
	2021	2020
Note	\$	\$
CURRENT		
Trade payables	285,445	295,354
GST payable	107,624	65,683
Sundry payables and accrued expenses	700,409	362,151
Employee Amenities	75,893	35,692
Payroll tax	38,741	-
Other payables	6,244	7,094
	<u>1,214,356</u>	<u>765,974</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. 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.

12 Borrowings

	2021	2020
	\$	\$
CURRENT		
Secured liabilities:		
Bank overdraft	38,747	358
Lease liability secured	108,975	40,171
Bank loans	420,000	703,212
	<u>567,722</u>	<u>743,741</u>
Total current borrowings	<u>567,722</u>	<u>743,741</u>

	2021	2020
	\$	\$
NON-CURRENT		
Secured liabilities:		
Lease liability secured	203,527	-
Bank loans	995,000	1,415,000
	<u>1,198,527</u>	<u>1,415,000</u>
Total non-current borrowings	<u>1,198,527</u>	<u>1,415,000</u>

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Notes to the Financial Statements
For the Year Ended 31 December 2021

12 Borrowings

(a) Bank overdrafts

The bank overdrafts of the parent entity and subsidiaries are secured by a registered first mortgage over certain freehold properties of controlled entities.

(b) Bank and mortgage loans

The bank and mortgage loans are secured by first registered mortgages over certain freehold property of the parent entity and the subsidiaries.

Registered Mortgage over property situated at 1 York Lane Kempsey NSW More particularly described in Certifying of the Title Folio Identifier 1/1088036 and 2/1111214

The facility agreement has a variable interest rate and the facility expires four (4) years after drawdown. The agreement was interest only for the 2015 financial year. Principal repayment commenced in February 2016.

Additional Covenants

Six monthly unaudited financial statements along with ATO accounting details are to be provided to the bank no less than 45 days after the end of the period and the provision of audited financial reports within 30 days of being requested.

The interest cover ratio calculated using EBITDA, for each financial half year will not be less than 3:1.

(c) Defaults and breaches

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

Total borrowings	1,766,249	2,158,741
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Leased liabilities are secured by the underlying leased assets.

13 Other Financial Liabilities

	2021	2020
	\$	\$
CURRENT		
Membership in advance	17,141	31,533
Other financial liabilities	14,606	7,815
Total	31,747	39,348
	2021	2020
	\$	\$
NON-CURRENT		
Membership in advance	31,387	13,900

Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Employee Benefits

	2021	2020
	\$	\$
Current liabilities		
Long service leave	36,690	91,717
Provision for employee benefits	179,431	173,112
	<u>216,121</u>	<u>264,829</u>
	2021	2020
	\$	\$
Non-current liabilities		
Long service leave	145,704	97,081

15 Leasing Commitments

(a) Finance leases

Finance leases are in place for Poker Machines and normally have a term between 1 and 3 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Operating leases

The club has no operating leases.

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Kempsey Macleay RSL Club Ltd during the year are as follows:

The total remuneration paid to key management personnel of the Company is \$ 342,669 (2020: \$ 324,439).

17 Fair Value Measurement

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020:None).

19 Related Parties

The club has no related party transactions during the year.

20 Events after the end of the Reporting Period

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.

Kempsey Macleay RSL Club Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2021

21 Statutory Information

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

Kempsey Macleay RSL Club Ltd
1 York Lane
Kempsey NSW 2440

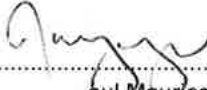
Kempsey Macleay RSL Club Ltd


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date 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.

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

Chair : 
Paul Maurice

Vice Chair 
Warren Gallard

Dated 4th April 2022

Kempsey Macleay RSL Club Ltd

Independent Audit Report to the members of Kempsey Macleay RSL Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kempsey Macleay RSL Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards - SDS and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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 - SDS and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Judy Brown
CA B Bus
Managing Director

Location – Maitland NSW

Dated 5th April 2022