West Pennant Hills Sports Club

ABN: 50 000 609 450

Financial Statements

For the Year Ended 30 June 2021

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For the Year Ended 30 June 2021

Directors' Report
30 June 2021

The directors present their report on West Pennant Hills Sports Club for the financial year ended 30 June 2021.

Directors

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

Names	Appointed/Resigned
William Austin	
Antony Fugaccia	
John Given OAM	
Raymond Newton	
Robyn Di Cristoforo	
Katrina Ferro	
Gary Purcell	Resigned 10 November 2020
Rodney Wright	
Peter Goh	Appointed 18 January 2021
Wayne Abrahams	Appointed 18 January 2021

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

Company secretary

The following people held the position of Club secretary at the end of the financial year:

- Brendon Sacilotto held the position of Club Secretary from 5 May 2021 and remains Club Secretary today.
- Keryn Smith held the position of Club Secretary from 13 August 2020 through to 4 May 2021
- Jason Reed held the position from 1 July 2020 to 12 August 2020.

Principal activities

The principal activity of West Pennant Hills Sports Club during the financial year was the promotion of sport.

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

Operating result

The Club earned an operating loss of $518,701 (2020: $2,162 operating loss), before depreciation and amortisation of $1,441,925 (2020: $1,244,531) and finance costs of $148,669 (2020: $175,947). The financial result of the Club for the year from ordinary activities was a loss of $1,071,893 (2020: $1,163,647).

Short term objectives

The Club's short term objectives are to:

- Enhance the Club's facilities in line with the Club's approved Master Plan development consent.

Long term objectives

The Club's long term objectives are to:

- Improve the Club's trading results through strategic planning of a strong business growth methodology whilst continuing to promote and facilitate sport within the local and broader community.

Information on directors

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

William Austin	
Occupation & Qualifications	Managing Director, RSA & RCG
Special Responsibilities	Chairman of Directors, Chairman of the Executive Committee, Chairman of the Management Recruitment Committee, Member of the Finance Committee
Years a Director of the Club	28
Antony Fugaccia	
Occupation & Qualifications	School Principal (retired), RSA & RCG
Special Responsibilities	Deputy Chairman of Directors, Member of the Executive Committee, Member of the Finance Committee
Years a Director of the Club	9
John Given OAM	
Occupation & Qualifications	Company Director, RSA & RCG
Special Responsibilities	Deputy Chairman of Directors, Member of the Executive Committee, Member of the Finance Committee
Years a Director of the Club	3
Raymond Newton	
Occupation & Qualifications	Banking & Insurance Executive (retired), RSA & RCG
Special Responsibilities	Honorary Treasurer, Member of the Executive Committee, Chairman of the Finance Committee
Years a Director of the Club	10
Robyn Di Cristoforo	
Occupation & Qualifications	Company Secretary, AGIA, NSW JP, RSA & RCG
Special Responsibilities	Member of the Management Recruitment Committee
Years a Director of the Club	2
Katrina Ferro	
Occupation & Qualifications	Retail Services Director, RSA & RCG
Special Responsibilities	Member of the Management Recruitment Committee
Years as Director of the Club	3
Gary Purcell	(Resigned 10 November 2020)
Special Responsibilities	Nil
Years as director of the Club	10

Directors' Report
30 June 2021

Information on directors

Rodney Wright	
Occupation & Qualifications	Sales Executive, RSA & RCG
Special Responsibilities	Nil
Years as director of the Club	2
Peter Goh	
Occupation & Qualifications	Banking Consultant, B: Commerce, MBA
Special Responsibilities	Nil
Years as director of the Club	1
Wayne Abrahams	
Occupation & Qualifications	Sales Manager, Diploma Hospitality Management, RSA & RCG
Special Responsibilities	Nil
Years as director of the Club	1

Events after the reporting date

The outbreak of global coronavirus (COVID 19) pandemic and the related lockdown protocols have created a level of uncertainty about the future trading outlook for all organisations in Australia. It is not possible to reliably assess the potential impacts at the year end.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
William Austin	12	12
Tony Fugaccia	12	12
John Given	12	12
Raymond Newton	12	12
Robyn Di Cristoforo	12	10
Katrina Ferro	12	12
Gary Purcell	4	4
Rodney Wright	12	12
Peter Goh	5	4
Wayne Abrahams	5	5

West Pennant Hills Sports Club
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Directors' Report
30 June 2021

Members guarantee

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of $2 (2020: $2) towards meeting any outstanding obligations of the entity.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 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:

Director: .... William Austin

Director: .... Raymond Newton

Dated: 3 November 2021

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of West Pennant Hills Sports Club

I declare that, to the best of my knowledge and belief, during the year ended 30 June 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.

PKF

PKF

KYM REILLY
PARTNER

3 NOVEMBER 2021
SYDNEY, NSW

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue	2	**5,923,019**	5,679,959
Government grant		**525,750**	312,000
Movement in fair value of investment property		**459,160**	-
Cost of sales		**(510,199)**	(538,525)
Employee benefits expense		**(1,978,645)**	(2,224,271)
Courtesy bus expense		**(11,102)**	(15,402)
Advertising expense		**(12,908)**	(22,191)
Insurance expense		**(127,343)**	(150,591)
Poker machine duty		**(831,626)**	(696,152)
Entertainment and promotion expense		**(449,275)**	(739,158)
Rates and utilities expense		**(224,357)**	(224,540)
House expenses		**(197,611)**	(188,578)
Repairs and maintenance		**(350,740)**	(372,163)
Other operating expenses		**(580,660)**	(493,062)
Loss on write down of assets	3	**(1,074,536)**	-
Profit before income tax, finance cost, depreciation and support to the community		**558,927**	327,326
Finance costs	3	**(148,669)**	(175,947)
Depreciation expense	3	**(1,441,925)**	(1,244,531)
Community development expense		**(40,226)**	(70,495)
Loss before income tax		**(1,071,893)**	(1,163,647)
Income tax expense		**-**	-
Loss from continuing operations		**(1,071,893)**	(1,163,647)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,071,893)**	(1,163,647)

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

ABN: 50 000 609 450

Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**1,049,719**	552,295
Trade and other receivables	5	**6,536**	137,996
Inventories	6	**59,556**	64,803
Financial assets	7	**1,909,564**	1,901,457
Other assets	8	**41,055**	37,747
TOTAL CURRENT ASSETS		**3,066,430**	2,694,298
NON-CURRENT ASSETS			
Financial assets	7	**500**	500
Property, plant and equipment	10	**19,656,283**	21,569,732
Investment property	11	**1,750,000**	1,299,675
Intangible assets	12	**1,651,275**	1,668,046
Right-of-use asset	9	**238,355**	629,098
TOTAL NON-CURRENT ASSETS		**23,296,413**	25,167,051
TOTAL ASSETS		**26,362,843**	27,861,349
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**691,585**	558,658
Financial liabilities	15	**4,792,009**	101,236
Short-term provisions	14	**186,492**	246,417
Short-term lease liabilities	16	**278,425**	313,515
TOTAL CURRENT LIABILITIES		**5,948,511**	1,219,826
NON-CURRENT LIABILITIES			
Financial liabilities	15	**34,301**	4,867,808
Long-term provisions	14	**27,075**	27,075
Long-term lease liabilities	9	**-**	321,791
TOTAL NON-CURRENT LIABILITIES		**61,376**	5,216,674
TOTAL LIABILITIES		**6,009,887**	6,436,500
NET ASSETS		**20,352,956**	21,424,849
EQUITY			
Reserves	18	**7,388,316**	7,388,316
Retained earnings		**12,964,640**	14,036,533
TOTAL EQUITY		**20,352,956**	21,424,849

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2020	**14,036,533**	**7,388,316**	**21,424,849**
Loss for the year	**(1,071,893)**	**-**	**(1,071,893)**
Balance at 30 June 2021	**12,964,640**	**7,388,316**	**20,352,956**
Balance at 1 July 2019	15,200,180	7,388,316	22,588,496
Loss for the year	(1,163,647)	-	(1,163,647)
Balance at 30 June 2020	14,036,533	7,388,316	21,424,849

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**6,642,697**	6,105,971
Payments to suppliers and employees		**(5,849,333)**	(6,652,537)
Interest received		**7,557**	31,786
Finance costs		**(148,669)**	(152,866)
Government grants		**525,750**	312,000
Net cash provided by / (used in) operating activities		**1,178,002**	(355,646)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		**(180,963)**	(212,321)
Net (purchase)/proceeds of financial assets		**-**	805,140
Net cash (used in) / provided by investing activities		**(180,963)**	592,819
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(142,734)**	(166,236)
Net (repayment)/proceeds of lease liabilities		**(356,881)**	6,208
Net cash used in financing activities		**(499,615)**	(160,028)
Net increase in cash and cash equivalents held		**497,424**	77,145
Cash and cash equivalents at beginning of year		**552,295**	475,150
Cash and cash equivalents at end of financial year	4	**1,049,719**	552,295

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2021

The financial report covers West Pennant Hills Sports Club as an individual entity. West Pennant Hills Sports Club is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

(b) Going concern

Notwithstanding the Club's deficiency in net current assets, the financial report has been prepared on the going concern basis. The club has a current net liability position of $2,882,081 and has made consecutive losses in the current and prior financial years. This basis has been adopted as the Club has received a guarantee of continuing financial support from the bank to allow the Club to meet its liabilities and it is the belief of those charged with governance that such financial support will continue to be made available.

(c) Revenue and other income

Revenue from contracts with customers

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

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

Sale of goods

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

1. Summary of Significant Accounting Policies

(c) Revenue and other income

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.

Government Grants

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

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

Other income

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

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

(d) 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 payables are stated inclusive of GST.

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

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

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand 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.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. 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.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

1. Summary of Significant Accounting Policies

(g) Impairment of assets

At each reporting date, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable value of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Property, Plant and Equipment

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

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

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of plant and equipment is depreciated on a reducing balance method from the date that management determine the asset is available for use. The depreciable amount of buildings is depreciated on a straight-line method from the date that management determine the asset is available for use. Land is not subject to any depreciation.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets 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	2.5% - 33%
Property improvements	1.5% - 20%

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.

1. Summary of Significant Accounting Policies

(i) Intangible Assets

Intangible assets consist of Poker machine entitlements which are initially recorded at cost. Poker machine entitlements have an indefinite life and are carried at cost less accumulated impairment losses. The carrying value of intangibles are assessed annually for impairment.

(j) Investment property

Investment property, comprising residential property, is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by directors or independent valuers. Changes to fair value are recorded in the income statement as other income.

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Club becomes party to the contractual provisions of the instrument.

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

Financial assets

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

Classification

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

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

1. Summary of Significant Accounting Policies

(k) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

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

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

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

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

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

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Club has determined the probability of non-payment of the receivable 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 Club renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate 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.

Financial liabilities

The Club 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.

The financial liabilities of the Club comprise trade payables, bank loans and lease liabilities.

1. Summary of Significant Accounting Policies

(l) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.The income tax exemption has been claimed based on self assessment by the Directors of the Club.

(m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Lease liabilities and right of use asset

Lease liabilities are measured at the present value of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Club would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset (ROU asset) in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined from the contract, which is generally the case for leases in the Club.

Lease payments due within 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit and loss.

The short-term exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use asset

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term.

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-lease 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.

(o) Employee benefits

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

1. Summary of Significant Accounting Policies

(o) Employee benefits

Employee benefits expected to be settled more than twelve months 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. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(p) 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.

(q) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(r) Critical accounting estimates and judgments

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

These estimates and judgments 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 judgments made have been described below.

Key estimates - income tax exemption status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2021, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of land and buildings

The Club carries land and buildings at fair value with changes in the fair value recognised in the revaluation reserve.

The land and buildings were independently valued at 30 june 2017 by MJ Davis Realty Appraisals. The valuations were based on the market values and representative of "Value in use". The critical assumptions adopted in determining the valuation included the location of land buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The directors have made an assessment at the year end and have concluded that the fair values is still appropriate at 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(r) Critical accounting estimates and judgments

Key estimates - fair value of investment property

The Club carries investment property at fair value with changes in the fair value recognised in profit and loss for the year.

Investment Property was independently valued by Global Valuation Services on 6 September 2021, resulting in a fair value gain recognised in the Statement of Profit and Loss and Other Comprehensive Income of $459,160 for the year ended 30 June 2021. The valuation was based on market value, and critical assumptions adopted in determining the valuation including the location of land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value in use. Value in use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a rate of 7% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key judgements - AASB16

The directors of the club have made significant judgments regarding leases under AASB 16. Specifically these judgments relate to incremental borrowing rate applied of 2.46% and the likelihood of renewal of the lease agreement.

The directors determined the right-of-use asset using the criteria for the lease and estimates that the useful life of the right-of-use assets to be the term of the lease.

Notes to the Financial Statements
For the Year Ended 30 June 2021

2. Revenue and Other Income

	2021 $	2020 $
Sales revenue		
- Gaming revenue	**4,438,579**	3,821,566
- Bar sales	**1,063,082**	1,142,808
	5,501,661	4,964,374
Other revenue		
- Promotion revenue	**118,576**	206,606
- Sporting club income	**83,511**	87,728
- Commission received	**38,238**	43,165
- Membership subscriptions	**19,005**	54,333
- Rental income	**37,120**	112,162
- Interest received	**7,557**	31,786
- Other revenue	**117,351**	179,805
	421,358	715,585
	5,923,019	5,679,959

3. Result for the Year

	2021 $	2020 $
Finance Costs		
- Interest paid on lease liabilities	**17,796**	23,081
- Interest paid on financial liabilities	**130,873**	152,866
	148,669	175,947

The result for the year includes the following specific expenses:

	2021 $	2020 $
Loss on write down of assets:		
- Property plant and equipment	**1,048,930**	-
- Intangible assets	**16,771**	-
- Investment property	**8,835**	-
	1,074,536	-
Depreciation expense		
- Property, plant and equipment	**1,045,482**	1,008,619
- Right of use asset	**396,443**	235,912
	1,441,925	1,244,531

4. Cash and cash equivalents

	2021 $	2020 $
Cash at bank	**795,869**	314,445
Cash on hand	**253,850**	237,850
	1,049,719	552,295

Notes to the Financial Statements
For the Year Ended 30 June 2021

5. Trade and other receivables

	2021	2020
	$	$
CURRENT		
Trade receivables	**6,536**	137,996

6. Inventories

Bar and catering stock on hand	**59,556**	64,803

7. Financial assets

CURRENT		
Financial assets at amortised cost	**1,909,564**	1,901,457
NON-CURRENT		
Listed investments at amortised cost	**500**	500

8. Other assets

CURRENT		
Prepayments	**41,055**	37,747

9. Leases

Right-of-use asset

Balance at the beginning of the year	**629,098**	-
Transition to AASB16 at 1 July 2019	-	865,010
Modification to AASB16 lease	**5,700**	-
Depreciation charge	**(396,443)**	(235,912)
	238,355	629,098

Notes to the Financial Statements
For the Year Ended 30 June 2021

10. Property, plant and equipment

	2021 $	2020 $
Freehold land at valuation	**7,750,000**	7,750,000
Buildings at valuation	**1,750,000**	1,750,000
Less accumulated depreciation	**(595,000)**	(551,250)
Total buildings	**1,155,000**	1,198,750
Total land and buildings	**8,905,000**	8,948,750
Capital works in progress		
At cost	**69,939**	712,963
Plant and equipment		
At cost	**4,256,865**	5,490,859
Accumulated depreciation	**(3,358,073)**	(3,800,787)
Total plant and equipment	**898,792**	1,690,072
Property improvements		
At cost	**11,493,738**	11,684,386
Accumulated depreciation	**(1,711,186)**	(1,466,439)
Total property improvements	**9,782,552**	10,217,947
Total property, plant and equipment	**19,656,283**	21,569,732

Capital works in progress has significantly reduced to reflect the write off of Master Plan Stage 1B, as those charged with governance have decided to discontinue these plans.

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:

	Capital Works in Progress $	Land $	Buildings $	Plant and Equipment $	Property improvements $	Total $
Year ended 30 June 2021						
Balance at the beginning of year	712,963	7,750,000	1,198,750	1,690,072	10,217,947	21,569,732
Additions	144,477	-	-	36,486	-	180,963
Disposals	(736,338)	-	-	(192,525)	(120,067)	(1,048,930)
Depreciation expense	-	-	(43,750)	(686,404)	(315,328)	(1,045,482)
Transfers	(51,163)	-	-	51,163	-	-
Balance at the end of the year	69,939	7,750,000	1,155,000	898,792	9,782,552	19,656,283

Notes to the Financial Statements
For the Year Ended 30 June 2021

11. Investment property

	2021 $	2020 $
Balance at beginning of the period	**1,299,675**	1,299,675
Increase in fair value	**459,160**	-
Write down	**(8,835)**	-
	1,750,000	1,299,675

"Investment property" shown above are investments in residential properties at Bowerman Place, Cherrybrook. Investment property situated at Bowerman Place, Cherrybrook is carried at fair value, determined in 2021 by independent valuation.

Core and non core properties

Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act") the members approved and agreed to classify the following properties as core or non core as defined by the Act:

- Core property is specified as the club house, bowling greens and property contained in the consolidated land title under which these areas are held on 103 - 109 New Line Road, West Pennant Hills. These are classified as property, plant and equipment in the balance sheet.

- Non core properties are specified as the residential house owned by the club being 20 Bowerman Place, Cherrybrook and the car park at 97-99 New Line Road, West Pennant Hills. 97-99 New Line Road has been classified as none core property on the basis it does not comprise the defined premises of the Club and is not provided by the Club for the use of its members and their guests.

12. Intangible Assets

Poker machine entitlements at cost	**1,651,275**	1,668,046

1.1 Movements in carrying amounts of intangible assets

	Poker machine entitlements $	Total $
Year ended 30 June 2021		
Balance at the beginning of the year	**1,668,046**	**1,668,046**
Write down	**(16,771)**	**(16,771)**
Closing value at 30 June 2021	**1,651,275**	**1,651,275**

13. Trade and other payables

CURRENT		
Trade creditors	**58,580**	56,872
Accrued expenses	**633,005**	501,786
	691,585	558,658

Notes to the Financial Statements
For the Year Ended 30 June 2021

14. Provisions

	2021 $	2020 $
CURRENT		
Provision for Annual Leave	**127,810**	137,699
Provision for Long Service Leave	**58,682**	108,718
	186,492	246,417
NON-CURRENT		
Provision for Long Service Leave	**27,075**	27,075

Provision for Short-Term Employee Entitlements

A provision has been recognised for employee benefits relating to long service leave, annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Long-Term Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

15. Financial liabilities

	2021 $	2020 $
CURRENT		
Secured liabilities:		
Commercial bill facility	**4,590,000**	-
Finance lease obligation	**127,009**	79,235
Bank loans	**75,000**	22,001
	4,792,009	101,236
NON-CURRENT		
Secured liabilities:		
Commercial bill facility	**-**	4,590,000
Finance lease obligation	**34,301**	82,808
Bank loans	**-**	195,000
	34,301	4,867,808

The bank debt is secured by a registered mortgage over properties located at 97-99 and 103 New Line Road and 20 Bowerman Place Cherrybrook NSW 2126. Lease liabilities are secured by the underlying leased assets.

Banking covenants

As at 30 June 2021 the ANZ Tailored Business facility is scheduled to expire within 12 months of the balance date. Additionally, the Club did not fulfill the interest coverage ratio as required per the loan agreement. Due to this breach of the covenant clause and the facility expiring, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $4.665m and therefore this balance was reclassified to current as at 30 June 2021.

Notes to the Financial Statements
For the Year Ended 30 June 2021

16. Capital Commitments

There are no capital commitments at 30 June 2021 (2020: none)

17. Financial Risk Management

The main risks West Pennant Hills Sports Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2021	2020
	$	$
Financial Assets		
Financial Assets at amortised cost		
Cash and cash equivalents	**1,049,719**	552,295
Term deposit	**1,909,564**	1,901,457
Trade and other receivables	**6,536**	137,996
Financial assets at fair value through profit or loss		
Listed securities	**500**	500
Total financial assets	**2,966,319**	2,592,248
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**691,585**	558,658
Financial liabilities	**4,826,310**	4,969,044
Lease liabilities	**278,425**	635,306
Total financial liabilities	**5,796,320**	6,163,008

Notes to the Financial Statements
For the Year Ended 30 June 2021

18. Reserves

	2021 $	2020 $
Asset revaluation reserve	**7,388,316**	7,388,316

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

19. Interest of Key Management Personnel

The total remuneration paid to key management personnel of the Club is $ 372,197 (2020: $ 456,315).

20. Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Club did not have any contingencies at 30 June 2021 (30 June 2020: None).

21. Members' Guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of $2. At 30 June 2021 the number of members was 9,982 (2020:11,391).

22. 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 Club, the results of those operations, or the state of affairs of the Club in future financial years.

23. Impact of Coronavirus (COVID-19) on Continuing Operations

On Saturday 26th June 2021, the Government updated the public health order in respect to the coronavirus pandemic which resulted in the Club being required to close. These restrictions remain in place at the date of this financial report and, until at least Monday 11th October 2021, however the ability for the Club to re-open at this time is dependant on when the Government lifts the current restrictions. Despite the period of non-trading and uncertainty over reopening, the directors have performed an assessment of the Club’s financial position and have determined that the Club has sufficient assets to meet it’s current obligations as they fall due. The Club will continue to apply for available Government stimulus grants to benefit the Club and its employees.

24. Company Details

The registered office of the company is:

West Pennant Hills Sports Club
103 New Line Road
Cherrybrook NSW 2125

Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 24 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Club.

2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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

Director ....
William Austin

Director ....
Raymond Newton

Dated: 3 November 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEST PENNANT HILLS SPORT CLUB

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West Pennant Hills Sport Club (the Club), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Club as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Directors for the Financial Report

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements[2], and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Entity's financial reporting process.

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity'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 Entity to cease to continue as a going concern.

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

- 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, 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 management 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.

PKF

PKF

KYM REILLY
PARTNER

3 NOVEMBER 2021
SYDNEY, NSW