West Pennant Hills Sports Club Limited

ABN 50 000 609 450

Annual Report - 30 June 2023

West Pennant Hills Sports Club Limited
Contents
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Raymond Newton
Antony Fugaccia
Rodney Wright
Katrina Ferro
William Austin
Wayne Abrahams
John Given
Robyn Di Cristoforo
Peter Goh

Objectives
The Club's short term objective is to enhance the Club's facilities in line with the Club's approved Master Plan development consent.

The Club's long term objective is 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.

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 activities occurred during the financial year.

Operating result
The surplus/deficit of the Club for the year ended 30 June 2023 amounted to $8,022 (30 June 2022: deficit of $378,309).

Information on directors

Name:	**Raymond Newton**
Occupation & Qualifications	Banking & Insurance Executive (retired), RSA & RCG
Special responsibilities:	Chairman of Directors, Member of the Executive Committee, Ex Aficio on all Committees
Name:	**Antony Fugaccia**
Occupation & Qualifications:	School Principal (retired), NSW JP, RSA & RCG
Special responsibilities:	Deputy Chairman of Directors, Member of the Executive Committee, Member of the Finance and Investment Committee
Name:	**Rodney Wright**
Occupation & Qualifications	Sales Executive, RSA & RCG
Special responsibilities:	Deputy Chairman of Directors, Member of the Executive Committee, Member of the Finance and Investment Committee
Name:	**Katrina Ferro**
Occupation & Qualifications	Chief Executive Officer, MMgt (GenMgt) GAICD, RSA, RCG
Special responsibilities:	Honorary Treasurer, Member of the Executive Committee, Chair of the Finance and Investment Committee

Name:	**William Austin**
Occupation & Qualifications:	Managing Director, RSA & RSG
Special responsibilities:	Member of the Audit, Risk and Governance Committee
Name:	**Wayne Abrahams**
Occupation & Qualifications	Sales Manager (retired), Diploma Hospitality Management, RSA & RCG
Special responsibilities:	Member of the Finance and Investment Committee
Name:	**John Given**
Occupation & Qualifications	Company Director, RSA & RCG
Special responsibilities:	Member of the Audit, Risk and Governance Committee
Name:	**Robyn Di Cristoforo**
Occupation & Qualifications	Company Secretary, AGIA, NSW JP, RSA & RCG
Special responsibilities:	Member of the Audit, Risk and Governance Committee
Name:	**Peter Goh**
Occupation & Qualifications	Banking Consultant, B: Commerce, MBA
Special responsibilities:	Member of the Audit, Risk and Governance Committee

Company secretary
Brendon Sacilotto held the position of Club Secretary from 5 May 2021 and remains Club Secretary today.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Attended	Held
Raymond Newton	12	12
Antony Fugaccia	10	12
Rodney Wright	12	12
Katrina Ferro	12	12
William Austin	10	12
Wayne Abrahams	11	12
John Given	8	12
Robyn Di Cristoforo	11	12
Peter Goh	11	12

Held: represents the number of meetings held during the time the director held office.

Events after reporting date
No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Indemnifying officers or auditor
During the year, the Company held a director's and officer's liability policy. The insurance policy provides cover for the directors named in this report, the company secretary, officers and former directors and officers of the Company. This policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

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

Contributions on winding up
In the event of the company being wound up, ordinary members are required to contribute a maximum of $2 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $16,710 (2022: $15,252), based on 8,355 (2022: 7,626) current ordinary members.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001

On behalf of the directors

Raymond Newton
Director

17 August 2023

HEAD OFFICE
Unit 1, 1 Pioneer Avenue
Tuggerah NSW 2259

OFFICES
- Sydney CBD
- Drummoyne
- Erina

BISHOP COLLINS
AUDIT PTY LTD
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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF WEST PENNANT HILLS SPORTS CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the period ended 30 June 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm	Bishop Collins Audit Pty Ltd Chartered Accountants
Name of Registered Company Auditor	Martin Le Marchant
Auditor's Registration No.	431227
Address	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259
Dated	17 August 2023

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

Audit Opinion

We have audited the accompanying financial report of West Pennant Hills Sports Club Limited ("the Club") which comprises the statement of financial position as at 30 June 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Club.

In our opinion, the accompanying financial report of West Pennant Hills Sports Club Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Club's financial position as at 30 June 2023 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures (including the Australian Accounting Interpretations) 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 Statements* section of our report. We are independent of the Company in accordance with 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; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Financial Report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Club'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 Club or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Name of Firm	Bishop Collins Audit Pty Ltd Chartered Accountants
Name of Registered Company Auditor	Martin Le Marchant
Auditor's Registration No.	431227
Address	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259
Dated	17 August 2023

West Pennant Hills Sports Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	4	6,832,802	4,792,763
Other income	5	460,591	347,441
Total revenue		7,293,393	5,140,204
Expenses			
Advertising expense		(23,323)	(15,996)
Auditor renumeration	29	(28,800)	(26,800)
Cost of goods sold		(531,696)	(432,848)
Courtesy bus expense		(11,109)	(18,199)
Club grants		(75,313)	(71,157)
Depreciation and amortisation expense	6	(780,260)	(1,006,415)
Employee benefits expense		(1,909,934)	(1,544,604)
Entertainment and promotion expense		(1,177,617)	(370,783)
Finance costs	7	(233,872)	(124,501)
Gaming machine taxation		(950,306)	(673,210)
House expenses		(97,421)	(19,681)
Insurance expenses		(227,778)	(178,571)
Other expenses		(389,127)	(392,125)
Repairs and maintenance expenses		(487,522)	(334,320)
Utilities and occupancy expenses		(361,293)	(309,303)
Total expenses		(7,285,371)	(5,518,513)
Surplus/(deficit) before income tax expense		8,022	(378,309)
Income tax expense		-	-
Surplus/(deficit) after income tax expense for the year	26	8,022	(378,309)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		8,022	(378,309)

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

West Pennant Hills Sports Club Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	2,092,852	2,703,979
Trade and other receivables	9	53,253	65,541
Inventories	10	98,733	52,167
Financial assets at fair value	11	-	200,331
Other assets	12	239,359	220,933
Total current assets		2,484,197	3,242,951
Non-current assets			
Investment properties	13	1,750,000	1,750,000
Property, plant and equipment	14	20,825,369	20,152,277
Right-of-use assets	15	19,873	39,746
Intangibles	16	1,651,275	1,651,275
Total non-current assets		24,246,517	23,593,298
Total assets		26,730,714	26,836,249
Liabilities			
Current liabilities			
Trade and other payables	17	375,616	733,851
Borrowings	18	828,809	433,053
Lease liabilities	19	14,776	20,363
Employee benefits	20	181,028	121,789
Other liabilities	21	94,513	158,933
Total current liabilities		1,494,742	1,467,989
Non-current liabilities			
Borrowings	22	5,129,567	5,255,108
Lease liabilities	23	-	20,877
Employee benefits	24	37,733	31,625
Total non-current liabilities		5,167,300	5,307,610
Total liabilities		6,662,042	6,775,599
Net assets		20,068,672	20,060,650
Equity			
Reserves	25	7,588,316	7,588,316
Retained surpluses	26	12,480,356	12,472,334
Total equity		20,068,672	20,060,650

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

West Pennant Hills Sports Club Limited
Statement of changes in equity
For the year ended 30 June 2023

	Asset Revaluation Reserve $	Retained Surpluses $	Total equity $
Balance at 1 July 2021	7,388,316	12,850,643	20,238,959
Deficit after income tax expense for the year	-	(378,309)	(378,309)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(378,309)	(378,309)
Revaluation	200,000	-	200,000
Balance at 30 June 2022	7,588,316	12,472,334	20,060,650

	Asset Revaluation Reserve $	Retained Surpluses $	Total equity $
Balance at 1 July 2022	7,588,316	12,472,334	20,060,650
Surplus after income tax expense for the year	-	8,022	8,022
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	8,022	8,022
Balance at 30 June 2023	7,588,316	12,480,356	20,068,672

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

West Pennant Hills Sports Club Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,450,680	5,168,147
Payments to suppliers and employees (inclusive of GST)		(7,299,129)	(4,810,353)
		151,551	357,794
Interest received		919	1,366
Interest and other finance costs paid		(233,872)	(124,501)
Government Subsidies		-	254,413
Insurance claim received		104,913	-
Net cash from operating activities	27	23,511	489,072
Cash flows from investing activities			
Payments for property, plant and equipment	14	(1,289,402)	(1,080,900)
Proceeds from investments		200,331	1,709,733
Proceeds from disposal of property, plant and equipment		210,682	128,380
Net cash from/(used in) investing activities		(878,389)	757,213
Cash flows from financing activities			
Proceeds from borrowings		927,141	5,694,004
Repayment of borrowings		(656,990)	(4,978,577)
Repayment of lease liabilities		(26,400)	(307,452)
Net cash from financing activities		243,751	407,975
Net increase/(decrease) in cash and cash equivalents		(611,127)	1,654,260
Cash and cash equivalents at the beginning of the financial year		2,703,979	1,049,719
Cash and cash equivalents at the end of the financial year	8	2,092,852	2,703,979

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

Note 1. General information

The financial statements cover West Pennant Hills Sports Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is West Pennant Hills Sports Club Limited's functional and presentation currency.

West Pennant Hills Sports Club Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Principal place of business

103 New Line Road, Cherrybrook New South Wales 2126

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 August 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Going concern
The financial report has been prepared on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Comparatives
Certain comparative figures have been reclassified to conform to the current year's presentation.

Note 2. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable.

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Gaming revenue
Gaming revenue is recognised net of payouts.

Commissions revenue
Commissions revenue is recognised when it is received or when the right to receive payment is established.

Membership Revenue
Membership Revenue is recognised over time as the membership period expires.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The directors are of the opinion that the company is exempt from Income Tax pursuant to Section 50-45 of the Income Tax Assessment Act 1997.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Note 2. Significant accounting policies (continued)

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic, at least every 3 - 5 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Freehold improvements	5-40 years
Plant and equipment	3-40 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Freehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Capital Works-in-progress
Research and feasibility costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably.

Capital works in progress are transferred to property, plant and equipment and depreciated when completed and ready for use.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Gaming machine entitlements
Gaming machine entitlements are considered to have an indefinite useful life as a result of the expiry of the 10-year period initially indicated by the New South Wales Government. The company tests for impairment annually, irrespective of whether there is any indication of impairment.

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

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

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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

Goodwill and other indefinite life intangible assets
The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2023 $	2022 $
Gaming machine revenue	4,859,829	3,472,877
Bar sales	1,251,161	756,816
Promotion revenue	300,613	165,594
Sporting club revenue	70,307	49,639
Membership subscriptions	62,727	65,070
Commissions received	145,157	149,810
	6,689,794	4,659,806
Rent income	70,293	63,163
Other revenue	72,715	69,794
	143,008	132,957
Revenue	6,832,802	4,792,763

Note 5. Other income

	2023 $	2022 $
Net gain on disposal of property, plant and equipment	195,269	91,662
Government subsidies	-	254,413
Discount received	159,490	-
Insurance recoveries	104,913	-
Interest received	919	1,366
Other income	460,591	347,441

Note 6. Depreciation and amortisation

	2023 $	2022 $
Depreciation of property, plant and equipment	760,387	748,188
Depreciation of right-of-use asset	19,873	258,227
	780,260	1,006,415

Note 7. Interest and finance cost paid

	2023 $	2022 $
Interest expense	233,106	115,335
Interest - lease liability (AASB 16)	766	9,166
	233,872	124,501

Note 8. Current assets - cash and cash equivalents

	2023 $	2022 $
Cash on hand and at bank	2,092,852	2,703,979

Note 9. Current assets - trade and other receivables

	2023 $	2022 $
Trade receivables	53,253	65,541

Note 10. Current assets - inventories

	2023 $	2022 $
Stock on hand - at cost	98,733	52,167

Note 11. Current assets - financial assets at fair value

	2023 $	2022 $
Term deposit	-	200,331

Note 12. Current assets - other assets

	2023 $	2022 $
Prepayments	239,359	220,933

Note 13. Non-current assets - investment properties

	2023 $	2022 $
Investment property - at independent valuation	1,750,000	1,750,000

Valuations of investment property
The basis of the valuation of investment properties is fair value. The investment property was last revalued on 6 September 2021 by Global Valuation Services, a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

Note 14. Non-current assets - property, plant and equipment

	2023 $	2022 $
Land - at fair value	7,950,000	7,950,000
Buildings - at fair value	1,754,987	1,750,000
Less: Accumulated depreciation	(682,831)	(638,750)
	1,072,156	1,111,250
Freehold improvements - at cost	11,606,615	11,543,338
Less: Accumulated depreciation	(2,348,198)	(2,045,223)
	9,258,417	9,498,115
Plant and equipment - at cost	5,842,217	4,811,023
Less: Accumulated depreciation	(3,384,270)	(3,249,111)
	2,457,947	1,561,912
Work in progress - at cost	86,849	31,000
	20,825,369	20,152,277

Note 14. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land at fair value $	Building at fair value $	Freehold improvements at cost $	Plant and equipment at cost $	Work in progress at cost $	Total $
Balance at 1 July 2022	7,950,000	1,111,250	9,498,115	1,561,912	31,000	20,152,277
Additions	-	4,987	63,852	1,324,204	55,849	1,448,892
Disposals	-	-	-	(15,413)	-	(15,413)
Depreciation expense	-	(44,081)	(303,550)	(412,756)	-	(760,387)
Balance at 30 June 2023	7,950,000	1,072,156	9,258,417	2,457,947	86,849	20,825,369

Valuations of land and buildings
The basis of the valuation of land and buildings is fair value. Club land and buildings were revalued on 12 May 2023 (carpark: 6 September 2021) by independent valuers, Global Valuation Services (GVS). GVS is a member of the Australian Property Institute and has experience in the location and category of the Club's land and buildings. The directors do not believe that there has been a material change in fair value since the revaluation date. Valuations are based on current prices for similar properties in a similar location and condition.

Core Property and Non-Core Property
As required by the Registered Clubs Act 1976 (the "Act"), No 31 section 41J(2), the club's core and non-core property is as follows:

Core Property
103-109 New Line Road, West Pennant Hills

Non-Core Properties
20 Bowerman Place, Cherrybrook
97-99 New Line Road, West Pennant Hills

Note 15. Non-current assets - right-of-use assets

	2023 $	2022 $
Plant and equipment - right-of-use	59,619	59,619
Less: Accumulated depreciation	(39,746)	(19,873)
	19,873	39,746

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Plant and equipment $	Total $
Balance at 1 July 2022	39,746	39,746
Depreciation expense	(19,873)	(19,873)
Balance at 30 June 2023	19,873	19,873

Note 16. Non-current assets - intangibles

	2023 $	2022 $
Gaming Machine Entitlements - at cost	1,651,275	1,651,275

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Gaming machine entitlements $	Total $
Balance at 1 July 2022	1,651,275	1,651,275
Balance at 30 June 2023	1,651,275	1,651,275

Note 17. Current liabilities - trade and other payables

	2023 $	2022 $
Trade payables	105,949	294,680
Other payables	269,667	439,171
	375,616	733,851

Note 18. Current liabilities - borrowings

	2023 $	2022 $
Bank loan	120,000	60,000
Finance lease	224,258	192,992
Deferred asset repayment	484,551	180,061
	828,809	433,053

Note 19. Current liabilities - lease liabilities

	2023 $	2022 $
Lease liability	14,776	20,363

Note 20. Current liabilities - employee benefits

	2023 $	2022 $
Annual leave	137,225	90,189
Long service leave	43,803	31,600
	181,028	121,789

Note 21. Current liabilities - Other liabilities

	2023 $	2022 $
Revenue received in advance	94,513	158,933

Note 22. Non-current liabilities - borrowings

	2023 $	2022 $
Bank Loan	4,820,000	4,940,000
Deferred asset repayment	309,567	315,108
	5,129,567	5,255,108

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2023 $	2022 $
Bank Loan	4,940,000	5,000,000
Finance lease	224,258	192,992
Deferred asset repayment	794,118	495,169
	5,958,376	5,688,161

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the company's land and buildings, as well as a general security interest over all present and future acquired property. The commercial bill facility was renewed on 30 November 2021 and is due for renewal 29 November 2024.

Note 23. Non-current liabilities - lease liabilities

	2023 $	2022 $
Lease liability	-	20,877

Note 24. Non-current liabilities - employee benefits

	2023 $	2022 $
Long service leave	37,733	31,625

Note 25. Equity - reserves

	2023 $	2022 $
Asset revaluation reserve	7,588,316	7,588,316

Asset revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 25. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

	Asset revaluation reserve $	Total $
Balance at 1 July 2022	7,588,316	7,588,316
Balance at 30 June 2023	7,588,316	7,588,316

Note 26. Equity - retained surpluses

	2023 $	2022 $
Retained surpluses at the beginning of the financial year	12,472,334	12,850,643
Surplus/(deficit) after income tax expense for the year	8,022	(378,309)
Retained surpluses at the end of the financial year	12,480,356	12,472,334

Note 27. Reconciliation of surplus/(deficit) after income tax to net cash from operating activities

	2023 $	2022 $
Surplus/(deficit) after income tax expense for the year	8,022	(378,309)
Adjustments for:		
Depreciation and amortisation	780,260	1,006,415
Net gain on disposal of property, plant and equipment	(195,269)	(91,662)
Discount received	(159,490)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	12,288	(59,005)
Decrease/(increase) in inventories	(46,566)	7,389
Increase in prepayments	(18,426)	(22,805)
Increase/(decrease) in trade and other payables	(358,235)	42,266
Increase/(decrease) in employee benefits	65,347	(60,153)
Increase in income in advance	(64,420)	44,936
Net cash from operating activities	23,511	489,072

Note 28. Contingent liabilities

The company holds the following contingent liability in regards to the natural resources located on Core Property owed by the company.

	2023 $	2022 $
Natural Resources Access Regulator	200,000	200,000

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	2023 $	2022 $
Fees to Bishop Collins Audit		
Assurance Services	26,800	24,800
Preparation of Financial Statements	2,000	2,000
	28,800	26,800

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023 $	2022 $
Aggregate compensation	410,111	367,366

Note 31. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 30.

Transactions with related parties
The following transactions occurred with related parties:

	2023 $	2022 $
Payment for goods and services:		
Purchase of goods from an entity employing a board member	-	10,443
Purchase of service from an entity employing a board member	2,902	-
Director expenses	3,264	2,697

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

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on commercial terms and conditions, which were in favour of the club.

Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 33. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding debts and obligations of the company. At 30 June 2023, total members were 8,355 (2022:7,626).

West Pennant Hills Sports Club Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Raymond Newton
Director

17 August 2023