

Pacific Palms Recreation Club



PACIFIC PALMS RECREATION CLUB LIMITED

ABN 47 000 910 378

ACN 000 910 378

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2022

TO BE PRESENTED AT THE
ANNUAL GENERAL MEETING
TO BE HELD AT THE CLUB ON
SUNDAY 23 October 2022 at 10:15am

3957 THE LAKES WAY, ELIZABETH BEACH, NSW

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Pacific Palms Recreation Club Limited (ABN: 47 000 910 378) will be held on Sunday 23 October, 2022 commencing at 10.15am.

AGENDA

1. Apologies
2. Minutes Silence
3. Confirm the minutes of the Annual General Meeting held on Sunday 17 October 2021
4. To appoint from among the members present five (5) persons who shall appoint one (1) of their number Returning Officer with the remainder being Assistant Returning Officers all of whom shall act on and for the purpose of the ballot
5. To receive and adopt the Auditor's and Director's reports for the financial year ended 30 June 2022
6. To receive and adopt the Full Financial Report for the year ended 30 June 2022
7. To declare all Board of Directors positions vacant
8. To appoint a temporary Chairman
9. Election of the Board of Directors for the ensuing year
10. To consider and if thought fit approve payment of Honorariums to the Board of Directors
11. Ordinary Resolutions – to consider and if thought fit pass Ordinary Resolutions conferring benefits on Directors
12. Special Resolution – adoption of new Constitution (refer to Notice of Special Resolution)
13. To deal with any business of which due notice in writing has been given
14. To receive recommendations for the incoming Board

Nominations for Board positions must be received by no later than Saturday 15 October 2022 at 12 Noon.

Any clarification of the Full Financial Statements that requires an answer at the Annual General Meeting to be placed in writing to the Club President Mr L Schubert by Saturday 15 October 2022 at 12 Noon.

DIRECTORS HONORARIUMS

That the members approve an honorarium of \$2000 each for the Executive Directors which include the President, Vice President and Treasurer. Further, that the members approve an honorarium of \$1000 each for the remaining four (4) directors.

FIRST ORDINARY RESOLUTION

“That pursuant to the Registered Clubs Act:

- (a) The members hereby approve and agree to reasonable expenditure by the Club for the following activities of the Directors:
 - (i) The reasonable cost of a meal and beverage for each director immediately before or after a Board or Committee meeting on the day of that meeting when that meeting corresponds with a normal meal time;
 - (ii) Reasonable expenses incurred by directors in relation to such other activities including entertainment of special guests of the Club;

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- (iii) Reasonable expenses involved in attending intra-club activities at the Club or the community and other promotional activities performed by directors and supported by the Board;
 - (iv) Reasonable costs of Directors attending functions and activities at the Club which are deemed by the Board to be of benefit to the Club;
 - (v) Reasonable costs of Directors and their spouses in attending functions as required by the Board and the above expenses are to be approved by the Board before payment is made on the production of receipts;
- (b) The members acknowledge that the benefits referred to above are not available to members generally but only those who are Directors of the Club and those members directly involved in the above activities”.

SECOND ORDINARY RESOLUTION

“That pursuant to the Registered Clubs Act:

- (a) The members hereby approve and agree to reasonable expenditure by the Club for the professional development and education of Directors such as:
 - (i) The reasonable cost of Directors attending the Clubs NSW General Meeting;
 - (ii) The reasonable cost of Directors attending seminars, lectures, trade displays and similar organized events as may be determined by the Board from time to time;
 - (iii) The reasonable cost of Directors attending other clubs or similar types of business for the purpose of observing their facilities and methods of operation;
- (b) The members acknowledge that the benefits referred to above are not available to members generally but only to those who are Directors of the Club and those members directly involved in the above activities”

THIRD ORDINARY RESOLUTION

“That pursuant to the Registered Club’s Act the members hereby approve and agree to permit members who are directors of the Club to utilise dedicated parking spaces. The members agree that this benefit is not open to members who are not Directors of the Club”

SPECIAL RESOLUTION

“That, with effect from the conclusion of the Annual General Meeting of the Club held in 2022, the Constitution of Pacific Palms Recreation Club Limited (the Club) in the form presented to the meeting (and having previously been made available to members) be adopted as the Constitution of the Club in substitution for and to the exclusion of the existing Constitution”

For further information refer to the Notice of Special Resolution and Explanatory Memorandum.

NOTES TO MEMBERS

First Ordinary Resolution

The First Ordinary Resolution is to have the members in General Meeting approve reasonable expenditure by the Club in relation to duties performed by the Club’s Directors.

Second Ordinary Resolution

The Second Ordinary Resolution is to have the members in General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including Clubs NSW Annual General Meeting and to visit other clubs to enable the Board to

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keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

Third Ordinary Resolution

The Third Ordinary Resolution is to have members approve preferential car spaces for Directors.

General

Each of the resolutions must be passed as a whole and cannot be amended from motions from the floor of the meeting or divided into two or more parts.

Special Resolution

The Special Resolution proposes for members to approve the adoption of new Constitution of the Club.

The Club's Constitution is an important document that provides for and underpins the operations, practices and guiding principles of the Club.

Following discussions with Pigott Stinson Lawyers, we were advised that the Club's Articles and Memorandum of Association should be regularly reviewed and updated to ensure compliance with best practice and relevant legislation. As opposed to making a number of piecemeal amendments to the Club's existing Constitution, the Club engaged Pigott Stinson Lawyers to prepare a new constitution which reflects industry best practice and the relevant legal requirements whilst retaining the existing practices and operations for the Club.

1. To be passed, the Special Resolution must receive votes from not less than three quarters of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
2. Only Life members and financial Club members are entitled to vote on the Special Resolution.
3. Members who are employees of the Club are not entitled to vote and proxy voting is prohibited by the Registered Clubs Act.
4. Amendments (other than minor typographical corrections which do not change the substance or effect of the special resolution) will not be permitted from the floor of the meeting.
5. The Board of the Club recommends to members the introduction of a new Constitution by passing the Special Resolution.

Notice to Members

In February 2022 the Corporation's Amendment Act 2022 came into effect. This Act enables hybrid and virtual meetings and the sending of meeting-related documents electronically or in physical form.

The Club has therefore elected to send meeting related documents electronically where no formal election exists and the Club holds an email address for the member.

Members can elect to receive meeting related documents by post by calling or emailing the office. Contact details are on our website. If you have already requested to receive notices by post, then that election will remain in force.

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President's Report

I am pleased to report a profit of \$148,732 for the financial year ended 30 June 2022.

Our area and the Club have weathered through yet another challenging year with the Covid pandemic locking out our key visitor base (Sydney & Newcastle) from the end of June until early November.

Regardless, we have still been able to provide assistance to many local Community Groups including the Palms Panthers Soccer Club, Pacific Palms Netball and Cricket Clubs, Palms Public School and the P & C Association, the Community Centre, Boomerang Beach Boardriders, Wallis Spirit Dragons, Forster Aboriginal Men's Group, the Surf Club and the Coomba and Palms Rural Fire Brigades.

We also sponsored the Palms Art Festival, Lizzie Beach Caravan Park Quoits Fundraiser, Coomba and Sandbar Golf Clubs, the Special Children's Christmas Party, Koori Kids ANZAC Day and Christmas Party, and 2 of our staff for Dry July. From the proceeds of Two Up on ANZAC Day we were also able to raise almost \$700 for the Salvation Army and Legacy. In total the Club donated over \$15,000 for the financial year.

Club improvements are well underway with an upgrade to the furniture and amenities in the Sports Bar. We also have a new LED outdoor sign to advertise what's happening at the Club, and, at the time of writing, the new Cellar construction was well underway and due to finish mid October.

We are also in the process of getting rooftop solar installed in a bid to reduce our energy costs.

I'd like to draw members' attention to the Special Resolution being tabled at this year's AGM. The Board recently undertook a review of our Constitution in light of the many changes to the Registered Clubs Act and other legislation in recent years. Rather than make numerous modifications to our existing Constitution we engaged the services of Piggott Stinson lawyers to provide us with a more readable and modern Constitution that still reflects the objectives and requirements of the Club.

A copy of the old and new Constitution, as well as a summary of the changes, is available on our website or at the Club Office (during normal office hours).

On behalf of the Board I urge you all to support the adoption of the new Constitution.

Larry Schubert
President

Secretary Manager's Report

Operationally, there have been several changes this year. A major one was the end of our beer contract with Lion Nathan. Rather than sign another exclusive deal with one of the major brewers, we instead negotiated deals with a number of brewers including independents and craft. You may have already noticed a wider range of draught beers available, and will see more when the new Cellar construction is complete.

Our soft drink contract with Coca Cola Amatil also ended this year, and we have now signed a non-exclusive contract with locally owned Saxbys Soft Drinks. If you have a favourite Saxbys flavour we haven't stocked yet just let us know!

We have also introduced and reintroduced some regular promotions including Raffle second chance draws (for a \$2000 Flight Centre voucher), the \$20 Raffles deal, monthly Bar specials and a schooner draw on Wednesday, Thursday and Friday afternoons around 5pm.

As I mentioned in my report last year, the Club are no longer permitted to allow patrons to drink on-premise beverages on the lawn. One of the major hurdles was the zoning of the lawn area as E3 which precluded any commercial activity. We have been working with Council on rezoning the lawn, and expect this to be approved by the end of the year. Members who live nearby may have received a notice from Council regarding this rezoning and requesting their feedback. We encourage all members to support the rezoning proposal.

In the meantime we are lodging a DA for temporary access to the lawn (allowed for 52 days usage under clause 2.8 of the Local Environment Plan). We have also reached agreement in principle with Crown Lands for the Club to be able to get a licence to use part of the lawn.

I'd just like to close by thanking Karen Sudana for her many years of service. Karen joined the Club as a "Bar Maid" in 1993 and proved to be a dedicated, hard working and reliable employee who was well respected by her fellow staff. She finally retired in 2022 after 29 years' service. On behalf of the team still here – thank you!

Diane Ellis
Secretary Manager

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Treasurer's Report

Financially the Club has experienced another successful year with a profit of \$148,732. It must be noted this result was achieved through an extraordinarily challenging trading period with staffing levels at times so low the club simply had to close for lack of staff. The major closure being one week in early January, the peak trading period of the year.

Revenue decreased across the board: Bar down 18.02%, Catering 11.47% and Gaming 5.14%. Included in revenue are JobSaver payments and other grants totalling \$147,356 compared to \$290,464 in 2021. Keno, TAB and ATM commissions were also lower. All other income was similar to 2021

These decreases must be viewed against the record increases the club experienced in the previous financial year during which the bar grew 34%, Catering 36% and Gaming 51%. Whilst revenue has decreased a large proportion of the revenue gains achieved in the previous Financial Year have been maintained.

On the balance sheet most current asset categories have increased (except inventories) as have most current liabilities. Current assets at \$1,233,205 exceed current liabilities of \$587,191.

The Auditor reported that there were no areas of concern with the club.

Despite the challenging times for business the Board will continue to look to the future and work in a disciplined financial manner towards the delivery of improvements to club facilities for the benefit of members and guests.

Nick Montague
Treasurer

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FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2022

PACIFIC PALMS RECREATION CLUB LTD
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DIRECTORS' REPORT

The directors present their report together with the financial report of Pacific Palms Recreation Club Ltd ("the Company") for the financial year ended 30 June 2022 and the auditor's report thereon.

Directors

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

Larry Schubert	President Vice President to 19 October 2019 Elected to the Board - October 1993 Life Member Electrician
Claire McClure	Vice President from 25 October 2020 Elected to the Board - 29 October 2017 Business management & hospitality
Ken Reynolds	Elected to the Board - 28 October 2012 Past President Life Member Business owner
Nick Montague	Treasurer from 25 October 2020 Vice President from 16 October 2019 Elected to the Board - April 2013 Business owner
Mark Workum	Elected to the Board - September 2013 Printing and hospitality Retired 17 October 2021
Col Alexander	Appointed 17 October 2021 Company Director
Todd Herring	Elected to the Board - 25 October 2020 Business Owner Retired 17 October 2021
Mary-Jane Silver	Elected to the Board - 25 October 2020 Mediator
Steve Church	Appointed 17 October 2021 Community Worker

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

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DIRECTORS' REPORT

Company Secretary

Ms Diane Ellis was appointed as company secretary on 17 October 2019. Ms Ellis is the Secretary Manager of the Club.

Life Members

S Allan, K Clifton, D Hughes, J Palmer, S Kenyon, B Stone, T Johnston, J Blanche, K Reynolds, T Lawson, L Schubert, D Ellis.

Meetings of Directors

During the financial year 22 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Board of Directors Meetings		Special Director Meetings		
	Eligible to Attend	Attended	Eligible to attend	Attended	
Larry Schubert	13	12	8	8	
Claire McClure	13	12	9	9	
Ken Reynolds	13	12	8	8	
Nick Montague	13	13	9	9	
Mark Workum	4	3	1	1	Retired 17/10/21
Steve Church	9	8	7	4	Appointed 17/10/21
Mary-Jane Silver	13	12	8	8	
Todd Herring	4	2	1	1	Retired 17/10/21
Col Alexander	9	8	7	2	Appointed 17/10/21

Description of Company

This report covers the single entity Pacific Palms Recreation Club Ltd a public company limited by guarantee.

Description of Objectives

The principal objective of the company is to promote sporting and social activities and citizen recreation and to aid in the civic development of the district.

Specific objectives are:

Short-term

Our short term objective is to make the Pacific Palms Recreation Club the hub of the community by offering entertainment, sporting activities, dining and other recreation options for the benefit of members whilst being financially responsible.

DIRECTORS' REPORT

Long-term

As per our Constitution, the long term objective of the Pacific Palms Recreation Club is:

1. To promote sporting and social activities and citizen recreation and to aid in the civic development of the district.
2. To form friendly associations with other social groups.
3. To establish and maintain a Club for the benefit of its members and their friends.
4. To provide Clubhouses, lounges, refreshment rooms, recreational rooms and properly maintain same.
5. To provide meals and other refreshments and to purchase and sell foodstuff and liquors both intoxicating and non-intoxicating, tobacco, cigars and cigarettes, sports equipment and other goods, wares and merchandise likely to be required by members.
6. Subject to the provision of any relevant statute and to the conditions attached to any licence issued therein, to conduct or assist or take part in the conduct of art unions dances, balls or other public or charitable balls, entertainments or functions for the purpose of raising funds and to accept donations or gifts from any source for all or any of the above purposes or for the benefit of or to carry out the objects of the Club.
7. To diffuse and disseminate knowledge and information or otherwise further the objects of the Club by the printing, publication, issue and circulation of papers, periodicals, books, circulars, brochures and other literary or artistic matter and by advertisement of all kinds and by purchase of the exhibition of works of art or interest and by granting prizes and donations.

Strategy for Achieving Those Objectives

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

- ensure a wide variety of activities and entertainment is available to members which reflects local interest and tastes
- explore additional options to encourage more visitors to the Club, especially during the quieter months
- sponsor and support local sporting and community groups.

Measures of performance

The key performance indicators that the Board of Directors use to monitor the overall performance of the Club are:

- Profit & loss statements
- Cash flow
- Wages versus Sales
- Gross Profit in Bar and Bistro
- Poker Machine Retention.

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DIRECTORS' REPORT

Principal Activities

The principal activity of the company during the year was operating as a licenced club and there has been no change in that activity from the prior year.

Operating Results

The result of the company was a profit after tax of \$148,732 (2021: profit \$568,342).

Guarantee of Members

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 \$2.00 each towards meeting any outstanding obligations of the company. At 30 June 2022, the total amount that members of the company are liable to contribute if the company is wound up is \$8,226 (2021: \$7,886).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found following the directors' report.

Rounding of Amounts

Amounts in the financial statements and directors' report have been rounded to the nearest dollar and accordingly small rounding errors may occur.

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

Larry Schubert – President

Nick Montague – Treasurer

Dated this 14th day of September 2022

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PACIFIC PALMS RECREATION
CLUB LTD**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2022 there have been:

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

Essential Assurance Services Pty Ltd
ABN 51 119 802 229
Authorised Audit Company #305383

Signed by:

Rhonda Futterleib
14th September 2022
22 Pulteney Street, Taree, NSW, 2430

Liability limited by a scheme approved under Professional Standards Legislation

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**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue & other income	2	3,730,330	4,376,559
Cost of goods sold		(1,047,271)	(1,228,105)
Employee benefits expense		(1,477,941)	(1,566,840)
Depreciation and amortisation expense	10	(265,044)	(263,730)
Other expenses		(788,235)	(745,380)
Finance costs		(3,107)	(4,162)
Profit/(loss) before income tax		148,732	568,342
Income tax expense	5	-	-
Profit/(loss) for the year		148,732	568,342
Other Comprehensive income/ (loss)		-	-
Total Comprehensive income/ (loss) for the year		148,732	568,342

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Retained Earnings \$	Total \$
Balance at 30 June 2020	1,873,531	1,873,531
2021 Profit/(loss) for the year	568,342	568,342
Other Comprehensive income/ (loss) for the year	-	-
Balance at 30 June 2021	2,441,873	2,441,873
2022 Profit/(loss) for the year	148,732	148,732
Other Comprehensive income/ (loss) for the year	-	-
Balance at 30 June 2022	2,590,605	2,590,605

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	986,236	731,793
Trade and other receivables	8	92,706	74,019
Inventories	9	54,077	58,108
Financial assets	11	100,186	100,000
TOTAL CURRENT ASSETS		1,233,205	963,920
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,019,850	2,085,515
TOTAL NON-CURRENT ASSETS		2,019,850	2,085,515
TOTAL ASSETS		3,253,055	3,049,435
CURRENT LIABILITIES			
Trade and other payables	12	284,027	234,519
Financial liabilities	13	145,497	96,584
Employee benefits	14	67,382	69,221
Income tax payable	5	(164)	-
Other liabilities	15	90,449	83,787
TOTAL CURRENT LIABILITIES		587,191	484,111
NON-CURRENT LIABILITIES			
Financial liabilities	13	33,920	96,351
Employee benefits	14	41,339	27,100
TOTAL NON-CURRENT LIABILITIES		75,259	123,451
TOTAL LIABILITIES		662,450	607,562
NET ASSETS		2,590,605	2,441,873
EQUITY			
Retained earnings		2,590,605	2,441,873
TOTAL EQUITY		2,590,605	2,441,873

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Receipts from customers & sponsors		4,084,590	4,795,863
Payments to suppliers and employees		(3,422,020)	(3,559,501)
Interest received		7,666	5,201
Interest paid		-	(4,162)
Net GST remitted to ATO		(198,413)	(263,915)
Income taxes paid		(164)	-
Net cash provided by (used in) operating activities	17	<u>471,659</u>	<u>973,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		1,365	-
Payment for investments		(186)	(100,000)
Purchase of property, plant and equipment		(204,877)	(188,253)
Net cash provided by (used in) investing activities		<u>(203,698)</u>	<u>(288,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment) from/of borrowings		(13,518)	(129,467)
Net cash provided by (used in) financing activities		<u>(13,518)</u>	<u>(129,467)</u>
Net increase/(decrease) in cash held		254,443	555,766
Cash at beginning of financial year		731,793	176,027
Cash at end of financial year	7	<u><u>986,236</u></u>	<u><u>731,793</u></u>

The accompanying notes form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements cover the single entity Pacific Palms Recreation Club Ltd a public company limited by guarantee, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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.

Unless otherwise stated, Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2022.

The financial statements were authorised for issue on 14th September 2022 by the directors of the company.

Accounting Policies

a. Principal Activity

The company operates as a licensed recreation club.

b. Income Tax

When applicable, the charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items and is calculated using tax rates in effect at year end.

Deferred tax liabilities, when applicable, are accounted for using the Statement of Financial Position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are only recognised in the event that it becomes probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

When applicable, deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. If applicable, deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

If applicable, the amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Inventories

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The NSW Land and Property Management Authority valued the company's land at \$900,000 on 1/7/2019. This valuation has not been brought to account in the Statement of Financial Position but is provided for information purposes only. Land at cost in the Statement of Financial Position is \$10,000.

Carrying amounts

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure there have been no impairment losses as a consequence of the carrying amounts exceeding the recoverable amount of the assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. A formal assessment of recoverable amounts is made when improvement indicators are present.

Costs subsequent to the original purchase are either aggregated with the asset's original carrying amount or recognised as a separate asset, as appropriate, but only when it is probable that future economic benefits associated with the item will flow to the company. All other repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

All fixed assets including building and capitalised lease assets, but excluding land, are depreciated on a prime cost (or straight line) method over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Method	Depreciation Rate
Buildings	PC	2.50 – 10.00%
Furniture and fittings	PC	2.00 – 100.00%
Office equipment	PC	5.00 – 100.00%
Other plant and equipment	Both	6.67 – 37.50%
Bar Plant	PC	5.00 – 33.00%
Catering equipment	PC	5.00 – 33.00%
Poker Machines	PC	14.29 – 100.00%
TAB	PC	10.00%
Motor vehicles	PC	20.00%
Member amenities	PC	10.00 – 100.00%

Glossary

DV means the diminishing value method

PC means the prime cost (or straight line) method

Both means both the DV and PC methods are used in the asset class

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

If an asset's carrying amount is greater than its estimated recoverable amount it is written down to the recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

e. Company Limited by Guarantee

The company is limited by a guarantee of members to contribute in the event of a winding up, a sum not exceeding \$2.00 per member. At 30 June 2022 there were 4,113 (2021: 3,943) members so the total amount members of the company are liable to contribute if the company is wound up is \$8,226 compared to \$7,886 at 30 June 2021. As the company does not have share capital it cannot pay dividends.

f. Leases

Leases are capitalised, recognising a right to use asset and a lease liability.

The right to use asset is initially recognised at the present value of the lease payments that are unpaid at the date of recognition. Lease payments are discounted at the interest rate implicit in the lease.

The lease liability is initially recognised at the carrying amount of the right to use asset increased by the interest on the lease liability.

Right of use assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period

g. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value is determined based on current bid prices for all quoted investments.

Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) ***Amortised cost investments***

Amortised cost investments are financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) ***Fair value through profit or loss investments***

Fair value through profit or loss investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Fair value through profit or loss financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other fair value through profit or loss financial assets are classified as current assets.

(v) ***Financial liabilities***

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the case of fair value through profit or loss financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

De-recognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Intangibles

Goodwill

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill, when applicable, is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Poker machine licences

Purchased poker machine licences are recorded at cost. They have a finite life and are carried at cost less accumulated amortisation and impairment losses. Existing poker machine licences granted at nil cost have not been brought to account.

j. Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current employee benefits in the statement of financial position.

Where annual leave is wholly expected to be settled within 12 months of reporting date it is recognised in other payables in respect of employee service up to the reporting date. It is measured at the amount expected to be paid when liabilities are settled.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits where they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (unless held for long-term investment), and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position. Term deposits held for long-term investment are disclosed as financial assets.

l. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised exclusive of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Rounding of Amounts

Amounts in the Financial Statements and directors' report have been rounded off to the nearest \$1 and accordingly small rounding errors may result.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the Financial Statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

Key Estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments

No specific key judgements were required in the preparation of the financial report.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
NOTE 2: REVENUE & OTHER INCOME		
Revenue		
— bar & bistro operations	2,558,295	3,003,579
— poker machine receipts	846,708	891,627
— member activities	48,253	44,370
— Interest received – third parties	7,666	5,201
— government subsidies received	147,356	290,464
— other revenue	13,906	4,306
— services revenue-member subscriptions	29,508	30,231
— bus income	5,222	2,207
— profit on sale assets	1,364	-
— rebates received	13,016	25,056
— Commissions	59,036	79,518
Total Revenue	<u>3,730,330</u>	<u>4,376,559</u>
Total	<u>3,730,330</u>	<u>4,376,559</u>

NOTE 3: FINANCE INCOME

Interest received	<u>7,666</u>	<u>5,201</u>
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NOTE 4: RESULT FOR THE YEAR

Included in the result are the following items requiring specific disclosure:

Expenses

Audit fees	12,828	12,450
Movement in employee leave entitlements	12,400	34,046
Director honorariums	10,000	10,000
Electricity	67,325	66,730
Repairs and maintenance	100,303	88,116
Insurance	104,786	78,427
Loss or sale property, plant & equipment	5,497	2,457

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
NOTE 5: INCOME TAX		
Recognised in the Statement of Comprehensive Income:		
a. Income tax expense		
Profit/(loss) before tax	148,732	568,342
Income tax using corporate tax rate 25% (2021: 26%)	37,183	147,769
Increase in income tax expense due to:		
— non-deductible depreciation	4,687	4,911
— non-recognition of deferred tax	50,238	1,340
	92,108	154,020
Decrease in income tax expense due to:		
— Income attributable to members	(92,108)	(154,020)
Income tax expense/(benefit) on pre tax net profit	-	-
Income tax expense		
— Current income tax expense	-	-
— Deferred income tax expense	-	-
Total income tax expense in Statement of Comprehensive Income	-	-
b. Current tax payable		
Movements during the year		
— Balance at beginning of year	-	-
— Income tax (paid)/refunded	164	-
— Current year income tax expense	-	-
	164	-
c. Deferred tax assets		
The potential deferred tax asset arising from tax losses and other temporary differences has not been recognised as an asset because recovery of the tax losses is not probable.		
The potential deferred tax asset will only be obtained if:		
— the Company derives future assessable income of a nature and amount sufficient to enable the asset to be realised;		
— the Company continues to comply with the conditions of deductibility imposed by law; and		
— no changes in tax legislation adversely affect the Company in realising the asset.		
Tax losses carried forward	557,304	359,926

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 6: RELATED PARTY & KEY MANAGEMENT DISCLOSURE

	2022	2021
	\$	\$

Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Total key management personnel compensation	114,256	99,701
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Other related parties

Employees related to key management personnel	17,854	14,647
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Other related entities

Purchases from Bluey's Cellars	29,406	40,909
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Bluey's Cellars is a related entity of director Nick Montague

Accounting & Administration fees – Guiberelli Pty Ltd	52,800	52,800
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Guiberelli Pty Ltd is a related entity of Secretary Manager Diane Ellis

NOTE 7: CASH & CASH EQUIVALENTS

Cash on hand	115,766	119,254
Cash at bank	870,470	612,539
	986,236	731,793

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8: TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
CURRENT		
Accrued income	6,959	8,457
ATM clearing account	7,980	3,180
Prepayments	73,651	57,401
Eftpos clearing account	4,116	4,981
	92,706	74,019

PROVISION FOR IMPAIRMENT OF RECEIVABLES

There are no trade receivables and therefore no provision for impairment is required.

NOTE 9: INVENTORIES

CURRENT

At lower of cost and net realisable value

Finished goods	54,077	58,108
	54,077	58,108

NOTE 10: PROPERTY, PLANT & EQUIPMENT

LAND AND BUILDINGS

Freehold Land at cost (value \$900,000 at 1/07/2019)	10,000	10,000
Building works in progress	76,488	15,012
Buildings at cost	2,808,167	2,808,167
Accumulated depreciation	(1,433,697)	(1,348,354)
	1,374,470	1,459,813
Right to use assets	17,086	17,086
Accumulated amortisation	(13,669)	(10,252)
	3,417	6,834

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 10: PROPERTY, PLANT & EQUIPMENT (cont)

	2022 \$	2021 \$
Plant and equipment at cost	1,711,189	1,637,841
Accumulated depreciation	(1,285,360)	(1,191,888)
	<u>425,829</u>	<u>445,953</u>
Office equipment at cost	4,886	4,886
Accumulated depreciation	(3,470)	(2,939)
	<u>1,416</u>	<u>1,947</u>
Furniture and fittings at cost	56,809	56,809
Accumulated depreciation	(37,279)	(35,267)
	<u>19,530</u>	<u>21,542</u>
Catering plant and equipment at cost	230,017	216,891
Accumulated depreciation	(136,340)	(115,377)
	<u>93,677</u>	<u>101,514</u>
Motor Vehicles at cost	92,111	92,111
Accumulated depreciation	(77,088)	(69,211)
	<u>15,023</u>	<u>22,900</u>
Total Property Plant and Equipment	<u><u>2,019,850</u></u>	<u><u>2,085,515</u></u>

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

a. Movements in Carrying Amounts

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

	30 June 2021	Adds	Disposals Transfers	Depreciation	30 June 2022
	\$	\$	\$	\$	\$
Land	10,000	-	-	-	10,000
Building works in progress	15,012	61,476	-	-	76,488
Buildings	1,459,813	-	-	(85,343)	1,374,470
Right to use assets	6,834	-	-	(3,417)	3,417
Office equipment	1,947	-	-	(531)	1,416
Furniture and fittings	21,542	-	-	(2,012)	19,530
Motor Vehicles	22,900	-	-	(7,877)	15,023
Plant and equipment	445,953	125,280	(3,304)	(142,100)	425,829
Catering	101,514	18,121	(2,194)	(23,764)	93,677
Total excluding WIP	2,070,503	143,401	(5,498)	(265,044)	1,943,362
Total including WIP	2,085,515	204,877	(5,498)	(265,044)	2,109,850

Core Property

For the purposes of the Registered Clubs Act all land and buildings are core property.

NOTE 11: FINANCIAL ASSETS

	2022 \$	2021 \$
CURRENT		
CBA Term Deposit	100,186	100,000
	<u>100,186</u>	<u>100,000</u>

The term deposit matures 27 April 2023. Interest rate applicable is 0.35%pa.

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT		
Trade creditors	103,138	76,429
Other creditors	8,391	14,067
Accrued expenses	158,470	139,101
GST liabilities	14,028	4,922
	<u>284,027</u>	<u>234,519</u>

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13: FINANCIAL LIABILITIES

	2022 \$	2021 \$
CURRENT		
Lease liabilities – rentals	3,417	3,828
Lease liabilities - Poker machine	80,134	92,756
Insurance Loan	61,946	-
	<hr/> 145,497	<hr/> 96,584
NON-CURRENT		
Lease liabilities – rentals	-	3,006
Lease liabilities - Poker machine	33,920	93,345
	<hr/> 33,920	<hr/> 96,351
a. <u>Secured liabilities</u>		
Poker machine – type 4 finance	114,054	186,101
	<hr/> 114,054	<hr/> 186,101
b. The carrying amounts of fixed assets pledged as security for the above liabilities	2,019,850	2,085,515
c. The bank facility was secured by:		
- Registered equitable mortgage by Pacific Palms Recreation Club Ltd over the whole of the company's assets and undertakings.		
- First registered mortgage by Pacific Palms Recreation Club Ltd over the licensed club property situated at The Lakes Way, Pacific Palms, NSW.		
d. Other facilities		
Other facilities such as the Type 4 poker machine finance agreements are secured over the related assets.		

PACIFIC PALMS RECREATION CLUB LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 14: EMPLOYEE BENEFITS

	2022 \$	2021 \$
CURRENT		
Annual Leave	64,275	62,774
Long Service Leave	3,107	6,447
	<u>67,382</u>	<u>69,221</u>
NON CURRENT		
Long Service Leave	<u>41,339</u>	<u>27,100</u>

NOTE 15: OTHER LIABILITIES

Current

Subscriptions in advance	<u>90,449</u>	<u>83,787</u>
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NOTE 16: CAPITAL COMMITMENTS

Capital Expenditure Commitments

The directors have committed to the purchase of a solar system for installation post 30 June 2022 at a total cost of \$123,066. This will be funded by an equipment finance lease with Commonwealth Bank.

Construction has also commenced on an extension and relocation of the cellar at a total cost of \$500,000. Work is expected to be completed by the end of October 2022 and will be funded by a loan.

NOTE 17: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax	2022 \$	2021 \$
Profit/(loss)after income tax	148,732	568,342
Non-cash flows in profit		
Depreciation & amortisation	265,044	263,730
Net (gain)/loss on disposal of non current assets	4,133	2,457
Increase/(decrease) in income tax payable	(164)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(2,437)	114,760
(Increase)/decrease in prepayments	(16,250)	(18,750)
(Increase)/decrease in inventories	4,031	(24,985)
Increase/(decrease) in trade payables and accruals	49,508	20,038
Increase/(decrease) in subscriptions in advance	6,662	34,046
Increase/(decrease) in provisions	12,400	13,848
Cash flow from operations	<u>471,659</u>	<u>973,486</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 17: CASH FLOW INFORMATION CON'T

b. Credit Standby Arrangements with Banks

Business direct credit facility	100,000	100,000
Amount utilised	-	-
Un-utilised	100,000	100,000

The major facilities are summarised as follows:

Overdraft – variable rate	100,000	100,000
	100,000	100,000

NOTE 18: EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2022 which has or will significantly affect

- i The operations of the company
- ii The results of those operations
- iii The state of affairs of the company in financial years subsequent to 30 June 2022.

NOTE 19: FINANCIAL RISK MANAGEMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Accordingly financial instruments include both financial assets and financial liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Risk Management Policies

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and hire purchase commitments.

Credit risk

The company does not have any material credit risk exposure to any single receivable.

Price risk

The company is not materially exposed to price risk.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Financial Instrument Composition & Maturity Analysis

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Note	2022 \$	2021 \$
Financial Assets Comprise:			
Cash and cash equivalents	7	986,236	731,793
Trade and other receivables	8	92,706	74,019
Financial Assets	11	100,186	100,000
Total Financial Assets		1,179,128	905,812

Financial Liabilities Comprise:

Trade and other payables	12	284,027	234,519
Financial liabilities – current	13	145,497	96,584
Financial liabilities – non current	13	33,920	96,531
Total Financial Liabilities		463,444	427,634

Net Fair Values

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.
- (ii) For other Financial Assets and Financial Liabilities there is no material difference between the carrying amount and net fair value.

	Note	2022 \$	2021 \$
NOTE 20: CONTINGENT LIABILITIES			
Security deposit guarantee - TAB		5,000	5,000

NOTE 21: ECONOMIC DEPENDENCY

The company is not economically dependent on any other single entity other than government and regulatory authorities who administer and control liquor and gaming licences and the intrinsic value of poker machine entitlements. The Directors are of the opinion that any significant poker machine reforms could materially impact the operations of the company.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 22: COMPANY DETAILS

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

3957 The Lakes Way
Pacific Palms NSW 2428

NOTE 23: CORE PROPERTY

Core property is defined as any real property owned by the club that comprises the defined premises of the club or any facility provided by the club for the use of its members and their guests. Core properties of the club consist of the land occupied by the clubhouse and car park at 3957 The Lakes Way, Pacific Palms NSW 2428. Non-core property of the club means any real property owned by the club that is not core property. The club does not have any non-core property.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pacific Palms Recreation Club Ltd, the directors of the company declare that:

- I. The financial statements, comprising the:
 - Statement of Profit or Loss and Comprehensive Income,
 - Statement of Financial Position as at 30 June 2022,
 - Statement of Changes in Equity
 - Statement of Cash Flows for the year then ended, and
 - Notes to the Financial Statementsare in accordance with the *Corporations Act 2001*, comply with Australian Accounting Standards – Simplified Disclosures and give a true and fair view of the financial position of the company, as at 30 June 2022 and of its performance for the year ended on that date;
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

.....
Larry Schubert - President

.....
Nick Montague – Treasurer

Dated this 14th day of September 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC PALMS RECREATION CLUB LTD**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Palms Recreation Club Ltd. (the Company), which comprises the Statement of Financial Position as at 30 June 2022, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of Pacific Palms Recreation Club Ltd, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, 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. 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC PALMS RECREATION CLUB LTD**

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

<http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC PALMS RECREATION CLUB LTD**

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Essential Assurance Services Pty Ltd
ABN 51 119 802 229
Authorised Audit Company #305383

Signed by:

Rhonda Futterleib
Address: 22 Pulteney Street, Taree, NSW, 2430
Dated this 15th day of September 2022

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