



**Central Charlestown
Leagues Club Limited**

ACN 000 964 849

**Annual Financial Report
for the year ended 30 June 2023**

Central Charlestown Leagues Club Limited ACN 000 964 849
Annual financial report for the year ended 30 June 2023

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These financial statements are the financial statements of Central Charlestown Leagues Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 29 August 2023. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Central Charlestown Leagues Club Limited (the Club) for the year ended 30 June 2023.

Directors details

The following persons were Directors of Central Charlestown Leagues Club Limited during the financial year, and up to the date of this report:

Mr J Rayner

President
Director since 2014
Businessman

Mrs D Pascoe

Director
Director since 2019
Retired

Mr T Colquhoun

Director
Director since 2014
Businessman

Mr G Cutmore

Director
Director since 2022
Business Owner

Mr G Dickinson

Director
Director since 2023
Business Person

Mr P Blackford

Vice President
Director since 2019
Operations and Finance Manager

Mrs L Day

Director
Director since 2020
Retired

Mr A Blackwell

Director
Director since 2016
Teacher

Mr S Legget

Director
Director since 2020
Business Owner

Company secretary

John Rayner has been Company Secretary of Central Charlestown Leagues Club Limited since March 2023. John Rayner is the President of the Club and has been a Board member since 2014.

Director's meetings

The number of Board meetings the Directors held during the year and the number of Board meetings attended by each director is shown in the table below:

Board members	Sub-Committee meetings		Board meetings	
	A	B	A	B
Mr J Rayner	8	8	11	11
Mr P Blackford	7	6	11	11
Mrs D Pascoe	7	7	11	11
Mr T Colquhoun	3	3	11	11
Mr A Blackwell	-	-	11	7
Mr S Legget	2	2	11	8
Mrs L Day	3	3	11	5
Mr G Cutmore	3	3	11	11
Mr G Dickinson (Appointed 24 April 2023)	1	1	3	1
Mr W Munro (Resigned 26 July 2022)	-	-	1	1

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended , the following land and buildings are considered to be core and non-core property:

Core - Land and building in which the Club and carpark are located being 8 Bula Street, Charlestown NSW 2290.

Non-Core - 2 Wales Street, Charlestown NSW 2290
- 4 Wales Street, Charlestown NSW 2290
- 6 Wales Street, Charlestown NSW 2290

Principal activities

During the year, the principal activities of the Club was the running of the Club in accordance with its objectives for the benefit of its members and promoting the game of rugby league.

Short-term and long-term objectives

The Club's objectives are to:

- Provide the best facilities available to members and their guests; and
- Facilitate and promote the game of rugby league.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Club consisted of:

- (a) In line with the Strategic Plan, maintain or increase existing revenue levels and control costs to return to profitability which will allow the Club's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

Performance measurement

The Club measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar, bistro and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Environmental regulation

The Club's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a state or territory of Australia.

Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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 on page 5 and forms part of this Directors' report.

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



Phillip Blackford - Vice President



Dianne Pascoe - Director

Dated: 29 August 2023
Charlestown, NSW

Auditor's independence declaration

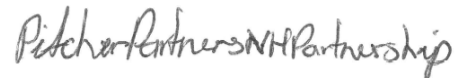
To the Directors of Central Charlestown Leagues Club Limited

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of Central Charlestown Leagues Club Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 29 August 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue from continuing operations	2	6,081,116	4,159,762
Other Income	3	99,770	719,506
Bar cost of goods sold		(605,725)	(403,872)
Bar direct expenses		(367,038)	(368,002)
Gaming direct expenses		(1,243,614)	(650,029)
Bistro cost of goods sold		(805,995)	(473,520)
Bistro direct expenses		(874,735)	(547,616)
Rental operations		(27,642)	(19,249)
Members amenities		(762,491)	(728,464)
Clubhouse expenses		(678,295)	(646,364)
Administrative expenses		(1,509,195)	(1,142,216)
Propogation of Sport		(122,667)	(91,013)
		(6,997,397)	(5,070,345)
Profit / (loss) before income tax		(816,511)	(191,077)
Income tax expense		78,848	(28,911)
Profit / (loss) for the year		(737,663)	(219,988)
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of land and buildings		-	-
Income tax relating to these items		-	-
Total comprehensive income / (loss) for the year		(737,663)	(219,988)

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

Central Charlestown Leagues Club Limited
Statement of financial position
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	301,992	566,313
Trade receivables	6	42,690	16,926
Inventories	7	55,840	49,671
Financial assets at amortised cost	8	42,715	43,503
Other assets	9	64,311	43,644
Total current assets		507,548	720,057
Non-current assets			
Property, plant and equipment	10	8,231,132	8,359,661
Investment properties	11	2,295,000	2,460,000
Intangible assets	12	217,689	217,689
Right-of-use asset	13 (a)	275,167	168,105
Deferred tax assets	14	110,675	75,859
Total non-current assets		11,129,663	11,281,314
Total assets		11,637,211	12,001,371
LIABILITIES			
Current liabilities			
Trade and other payables	15	651,592	916,714
Financial liabilities	16	276,587	207,949
Provisions	17	161,651	187,001
Other liabilities	18	17,382	24,745
Lease liabilities	13 (b)	132,458	56,891
Total current liabilities		1,239,670	1,393,300
Non-current liabilities			
Financial liabilities	16	1,647,660	1,102,299
Provisions	17	15,849	16,434
Other liabilities	18	12,215	12,991
Lease liabilities	13 (b)	142,926	115,761
Deferred tax liabilities	14	544,657	588,689
Total non-current liabilities		2,363,307	1,836,174
Total liabilities		3,602,977	3,229,474
Net assets		8,034,234	8,771,897
MEMBERS FUNDS			
Reserves	19	2,466,145	2,497,133
Retained profits		5,568,089	6,274,764
Total members funds		8,034,234	8,771,897

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

Central Charlestown Leagues Club Limited

Statement of changes in equity

For the year ended 30 June 2023

	Reserves	Retained	Total
	\$	\$	\$
Balance at 1 July 2021	2,528,121	6,463,764	8,991,885
Profit/(loss) for the year	-	(219,988)	(219,988)
Depreciation transfer	(30,988)	30,988	-
Total comprehensive income for the year	(30,988)	(189,000)	(219,988)
Balance at 30 June 2022	2,497,133	6,274,764	8,771,897
Profit/(loss) for the year	-	(737,663)	(737,663)
Depreciation transfer	(30,988)	30,988	-
Total comprehensive income for the year	(30,988)	(706,675)	(737,663)
Balance at 30 June 2023	2,466,145	5,568,089	8,034,234

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

Statement of cash flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from members and customers		6,724,092	4,780,821
Payments to suppliers and employees		(7,026,707)	(4,650,706)
Interest received		44	47
Interest paid		(116,834)	(88,817)
Government stimulus received		-	165,120
Net cash inflow (outflow) from operating activities		<u>(419,405)</u>	<u>206,465</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(341,753)	(178,182)
Net cash inflow (outflow) from investing activities		<u>(341,753)</u>	<u>(178,182)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,766,373	132,361
Repayment of borrowings		(1,152,374)	(246,354)
Repayment of lease liabilities		(117,162)	(39,244)
Net cash inflow (outflow) from financing activities		<u>496,837</u>	<u>(153,237)</u>
Net increase in cash and cash equivalents		(264,321)	(124,954)
Cash and cash equivalents at the beginning of the financial year	5	<u>566,313</u>	<u>691,267</u>
Cash and cash equivalents at the end of the financial year		<u>301,992</u>	<u>566,313</u>

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

Notes to the financial statements

For the year ended 30 June 2023

1 Summary of significant accounting policies

(a) Information about the entity

- Central Charlestown Leagues Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- Central Charlestown Leagues Club Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is 8 Bula Street, NSW 2290.
- The principal place of business of the Club is 8 Bula Street, NSW 2290.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

(c) Statement of compliance

This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs, except for investment properties and land and buildings which have been measured at fair value. The financial report is presented in Australian Dollars.

(d) Going concern

As at 30 June 2023, Central Charlestown Leagues Club Limited has a working capital deficiency of \$732,122, represented by current assets of \$507,548 and current liabilities of \$1,239,670. The Club also incurred a loss after applicable income tax of \$737,663 and net cash outflow from operating activities was \$419,405 for the year.

The Directors have determined that the going concern basis is appropriate given:

- (a) The Club has a cash balance at 30 June 2023 of \$301,992.
- (b) The Club has a budgeted loss of \$30,325 for the year ended 30 June 2024.
- (c) The Club do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank.
- (d) The Club intends to sell its investment properties held to provide funds for working capital and capital improvements, and will utilise the sales proceeds to reduce the Club debt.
- (e) The Club expects to continue to receive support from its suppliers and members.

The Directors are of the opinion the above will be achieved and the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of 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 ATO is included with other receivables or 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 ATO, are presented as operating cash flows.

(f) Rounding of amounts

The is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 30 June 2023

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Food and beverage revenue	Gaming revenue	Membership revenue	Raffle and bingo revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$
2023						
Revenue from contracts with customers	3,165,073	2,605,510	51,842	143,350	98,161	6,063,936
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>3,165,073</u>	<u>2,622,690</u>	<u>51,842</u>	<u>143,350</u>	<u>98,161</u>	<u>6,081,116</u>

Timing of revenue recognition

At a point in time	3,165,073	2,605,510	-	143,350	98,161	6,012,094
Over time	-	17,180	51,842	-	-	69,022
	<u>3,165,073</u>	<u>2,622,690</u>	<u>51,842</u>	<u>143,350</u>	<u>98,161</u>	<u>6,081,116</u>

	Food and beverage revenue	Gaming revenue	Membership revenue	Raffle and bingo revenue	Other revenue	Total
	\$	\$	\$	\$	\$	\$
2022						
Revenue from contracts with customers	2,043,450	1,804,745	40,373	205,865	48,149	4,142,582
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>2,043,450</u>	<u>1,821,925</u>	<u>40,373</u>	<u>205,865</u>	<u>48,149</u>	<u>4,159,762</u>

Timing of revenue recognition

At a point in time	2,043,450	1,804,745	-	205,865	48,149	4,102,209
Over time	-	17,180	40,373	-	-	57,553
	<u>2,043,450</u>	<u>1,821,925</u>	<u>40,373</u>	<u>205,865</u>	<u>48,149</u>	<u>4,159,762</u>

(b) Accounting policies and significant judgements

The Club recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Club is or expects to be entitled in exchange for those goods or services.

The Club considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Food and Beverage Revenue

Revenue from the sale of food and beverages is recognised at a point in time when the physical control of the goods passes to the customer.

(ii) Gaming Revenue

Revenue from rendering services from gaming facilities to members and other patrons of the Club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission revenue where the Club acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed.

(iii) Membership Revenue

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

(iv) Raffle and Bingo Revenue

Raffle and bingo revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

Notes to the financial statements

For the year ended 30 June 2023

2 Revenue (continued)

(b) Accounting policies and significant judgements (continued)

(v) *Other Revenue*

The Club recognises other revenue at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2023	2022
	\$	\$
(a) Other income		
Rental income	90,470	89,959
Interest Income	44	47
Government stimulus payment - Jobsaver / JobKeeper	-	157,620
Government stimulus payment - Cashflow Boost	-	7,500
Insurance recoveries	-	109,235
Change in fair value of investment properties	-	340,000
Apprentice rebates	9,256	15,145
	<u>99,770</u>	<u>719,506</u>

(i) *Rental income*

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Government Stimulus Funding*

The Club recognises stimulus funding from the Australian Taxation Office and Revenue NSW when it is considered to be receivable.

(iv) *Insurance recoveries*

The Club recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(v) *Gain in fair value of investment properties*

The Club recognises the change in fair value of investment property based on the assessment of an independent expert, representing the non-cash gain in relation to investment properties.

(vi) *Other income*

Other income is recognised as it accrues.

(b) Other expenses

Employee Benefits Expense	1,960,559	1,372,106
Loss on disposal of Assets	-	13,222
Change in fair value of investment properties	182,600	-
Depreciation	527,096	484,193
Interest costs	116,834	88,817

Notes to the financial statements

For the year ended 30 June 2023

4 Income tax expense

	2023	2022
	\$	\$

(a) Numerical reconciliation of income tax expense to prima facie tax payable

The Income Tax Assessment Act 1936 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:

Operating profit/(loss) before income tax	(816,511)	(191,077)
Tax at the Australian tax rate at 25% (2022: 25%)	(204,128)	(47,769)
Add/(Less) tax effect of:		
Derecognition of deferred tax assets on finalisation of prior year income tax return	22,913	-
Opening tax balances adjusted for change in members percentages and income tax rate	-	(19,882)
Apportionment adjustment members income and expenses	102,367	98,438
Non assessable income	-	(1,875)
Income tax expense / (benefit)	(78,848)	28,912

Accounting policy

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2023

5 Cash and cash equivalents

	2023	2022
	\$	\$
Current		
Cash and Cash Equivalents	301,992	566,313
	<u>301,992</u>	<u>566,313</u>

Accounting policy

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

6 Trade receivables

Current		
Trade receivables	42,690	16,926
	<u>42,690</u>	<u>16,926</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Club holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

7 Inventories

Current		
Stock on hand	55,840	49,671
	<u>55,840</u>	<u>49,671</u>

Accounting policy

Inventories are measured at the lower of cost and current replacement cost.

8 Financial assets at amortised cost

Current		
Other receivables	42,715	43,503
	<u>42,715</u>	<u>43,503</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

9 Other assets

Current		
Prepayments	64,311	43,644
	<u>64,311</u>	<u>43,644</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 30 June 2023

10 Property, plant and equipment

	Land and buildings	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2022					
Cost	7,557,431	2,249,074	1,407,890	18,905	11,233,300
Accumulated depreciation	139,340	1,758,655	975,644	-	2,873,639
Net book amount	<u>7,418,091</u>	<u>490,419</u>	<u>432,246</u>	<u>18,905</u>	<u>8,359,661</u>
Year ended 30 June 2023					
Opening net book amount	7,418,091	490,419	432,246	18,905	8,359,661
Additions	53,270	129,219	103,246	-	285,735
Transfers from work in progress	18,905	-	-	(18,905)	-
Depreciation charge	145,976	117,386	150,902	-	414,264
Closing net book amount	<u>7,344,290</u>	<u>502,252</u>	<u>384,590</u>	<u>-</u>	<u>8,231,132</u>
At 30 June 2023					
Cost	7,629,605	2,378,293	1,450,657	-	11,458,555
Accumulated depreciation	285,315	1,876,041	1,066,067	-	3,227,423
Net book amount	<u>7,344,290</u>	<u>502,252</u>	<u>384,590</u>	<u>-</u>	<u>8,231,132</u>

Accounting policy**(a) Land and buildings**

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Freehold land and buildings were revalued on 30 June 2021 by Tew Property Consultants. Tew Property Consultants frequently assess the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income and reduce the asset revaluation reserve in equity. All other decreases are charged to the statement of profit or loss and other comprehensive income and reflected in retained profits.

As the revalued buildings are depreciated, the difference between depreciation recognised in the income statement, which is based on the revalued carrying amount of the asset, and the depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

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.

Freehold land and buildings that have been contributed at no cost, or for nominal costs, are valued and recognised at the fair value of the asset at the date it is acquired.

(b) Plant and equipment and poker machines

Plant and equipment and poker machines are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	20 - 50 years
Plant & Equipment	2.5 - 20 years
Poker Machines	2.5 - 5 years

(d) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

10 Property, plant and equipment (continued)

(d) Impairment (continued)

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Club would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

11 Investment properties

	2023	2022
	\$	\$
Non-current assets		
Opening balance at 1 July	2,460,000	2,120,000
Additions	17,600	-
Net gain / (loss) from fair value adjustment	(182,600)	340,000
Closing balance at 30 June	<u>2,295,000</u>	<u>2,460,000</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

To obtain the fair value, an independent valuation is obtained by the Club from external valuers once every 3 years. Independent market appraisals are obtained in the intervening periods if necessary. A market appraisal was performed by Creer Property Consultants as at 30 June 2023. The independent expert frequently assesses the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

12 Intangible assets

	Poker machine entitlements	Total
	\$	\$
Non-current assets		
As at 30 June 2022		
Cost	217,689	217,689
Net book amount	<u>217,689</u>	<u>217,689</u>
As at 30 June 2023		
Cost	217,689	217,689
Net book amount	<u>217,689</u>	<u>217,689</u>

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The value shown for the Poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

Notes to the financial statements

For the year ended 30 June 2023

13 Lease assets and lease liabilities

The Club leases the POS system and poker machines

	2023	2022
	\$	\$
a) Lease assets		
Non-current		
Carrying amount of lease assets, by class of underlying asset:		
Plant and Equipment	74,049	99,219
Poker Machines	201,118	68,886
	<u>275,167</u>	<u>168,105</u>

Reconciliation of lease assets	Poker	Plant and	Total	Total
2023	Machines	Equipment	\$	\$
	\$	\$	\$	\$
At 1 July 2022	68,886	99,219	168,105	124,433
Additions	212,377	7,517	219,894	85,071
Amortisation	80,145	32,687	112,832	41,399
30 June 2023	<u>201,118</u>	<u>74,049</u>	<u>275,167</u>	<u>168,105</u>

b) Lease liabilities				
Current				
Lease liabilities	97,381	35,077	132,458	56,891
Non-current				
Lease liabilities	99,845	43,081	142,926	115,761
Total	<u>197,226</u>	<u>78,158</u>	<u>275,384</u>	<u>172,652</u>

Reconciliation of lease liabilities	Poker	Plant and	Total	Total
2023	Machines	Equipment	\$	\$
	\$	\$	\$	\$
At 1 July 2022	69,613	103,039	172,652	126,825
Additions	212,377	7,517	219,894	85,071
Interest expense	8,987	4,578	13,565	7,659
Lease payments	93,751	36,976	130,727	46,903
Net movement during year	<u>127,613</u>	<u>(24,881)</u>	<u>102,732</u>	<u>45,827</u>
30 June 2023	<u>197,226</u>	<u>78,158</u>	<u>275,384</u>	<u>172,652</u>

Maturity analysis of future lease payments			Total	Total
			\$	\$
Not later than 1 year	103,644	38,032	141,676	63,575
Later than 1 year and not later than 5 years	130,586	44,371	174,957	118,772
Later than 5 years	-	-	-	-
Lease payments	<u>234,230</u>	<u>82,403</u>	<u>316,633</u>	<u>182,347</u>

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred.

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 4.32%.

Notes to the financial statements

For the year ended 30 June 2023

13 Lease assets and lease liabilities (cont)

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

14 Deferred tax balances

	2023	2022
	\$	\$
<i>(i) Deferred tax assets</i>		
The balance comprises temporary differences attributable to:		
Provisions	8,848	10,352
Other	4,593	4,028
Carried forward tax losses	97,234	61,479
	<u>110,675</u>	<u>75,859</u>
Movements		
At 1 July	75,859	13,848
(Charged)/credited to statement of profit or loss and other comprehensive income	34,816	62,011
At 30 June	<u>110,675</u>	<u>75,859</u>
<i>(i) Deferred tax liabilities</i>		
The balance comprises temporary differences attributable to:		
Investment properties	427,766	473,416
Depreciation	107,203	107,526
Other	9,688	7,747
	<u>544,657</u>	<u>588,689</u>
Movements		
At 1 July	588,689	497,767
(Charged)/credited to statement of profit or loss and comprehensive income	(44,032)	90,922
At 30 June	<u>544,657</u>	<u>588,689</u>

Accounting policy

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements

For the year ended 30 June 2023

15 Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	261,916	374,778
Other payables and accruals	313,282	271,930
GST payable	76,394	270,006
	<u>651,592</u>	<u>916,714</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

16 Financial liabilities**Current***Secured*

Bank loans (i)	231,119	174,821
Total secured financial liabilities	<u>231,119</u>	<u>174,821</u>

Unsecured

Other loans	45,468	33,128
Total unsecured financial liabilities	<u>45,468</u>	<u>33,128</u>
	<u>276,587</u>	<u>207,949</u>

Non-current*Secured*

Bank loans (i)	1,647,660	1,102,299
Total secured financial liabilities	<u>1,647,660</u>	<u>1,102,299</u>

(i) Secured liabilities

The above loans with Greater Bank are secured by the following:

- Registered Mortgage over real property at 2, 4 and 6 Wales Street Charlestown NSW 2290

The above loans with the National Australia Bank are secured by the following:

- Registered Mortgage over real property at 8 Bula Street Charlestown NSW 2290 and security interest and charge over all of the present and future rights, property and undertakings of the Club.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as non current liabilities if the Club has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements

For the year ended 30 June 2023

17 Provisions	2023	2022
	\$	\$
Current		
Employee entitlements (i) & (ii)	116,779	160,891
Club grants	9,940	2,827
Jackpots	34,932	23,283
	<u>161,651</u>	<u>187,001</u>
Non-current		
Employee entitlements (ii)	15,849	16,434
	<u>15,849</u>	<u>16,434</u>

Accounting policy*(i) Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

18 Other liabilities**Current**

Contract liabilities - membership income	17,109	22,908
Other liabilities	273	1,837
	<u>17,382</u>	<u>24,745</u>

Non-current

Contract Liabilities - membership income	12,215	12,991
	<u>12,215</u>	<u>12,991</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

19 Reserves

	General	Capital Redemption	Asset revaluation	Total
	\$	\$	\$	\$
Balance at 1 July 2022	30,007	10,724	2,456,402	2,497,133
Release of depreciation	-	-	(30,988)	(30,988)
Balance at 30 June 2023	<u>30,007</u>	<u>10,724</u>	<u>2,425,414</u>	<u>2,466,145</u>

*(i) Nature and purpose of reserves**Asset revaluation*

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

20 Commitments*(i) Capital Commitments*

The Club has no capital commitments in place at year end

Notes to the financial statements

For the year ended 30 June 2023

21 Contingent liabilities	2023	2022
	\$	\$
	5,000	5,000
Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>

A contingent liability exists in relation to a claim lodged with the Supreme Court by a customer seeking compensatory damages, aggravated damages and exemplary damages relating to an incident in the Club's carpark in 2019. The Club has been in discussion with their insurer and legal advisors and intend to defend the claim. As at the date of this report the claimant has not provided a quantified schedule of damages and the Club has not had any further correspondence since the completion of the prior year audit. The Club expects any costs associated with settling the claim to be covered by insurance.

22 Related parties

Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.

(a) Key management personnel compensation

Total key management personnel benefits	<u>241,572</u>	<u>237,203</u>
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(b) Transactions with other related parties

Director Tom Colquhoun has a relative that provides advertising services to the Club at normal commercial terms and conditions for the following amounts:

12,554	-
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Director Steve Leggett is the Owner of the Company O'Neills Tyres. This Company provided services to the Club at normal commercial terms and conditions for the following amounts:

13,370	3,589
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23 Remuneration of auditors*Auditor of the company*

Audit of the financial statements	22,100	20,550
Other services - taxation compliance services	3,400	3,230
Other services - consulting services	46,140	34,070
	<u>71,640</u>	<u>57,850</u>

Notes to the financial statements

For the year ended 30 June 2023

24 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 10, 12 and 13) - The useful life of property, plant and equipment, intangible assets and lease assets (where useful life is greater than the lease term) are initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimated fair value of investment properties (note 11) - The fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.
- Estimated fair value of land and buildings (note 10) - The fair value of land and buildings is estimated at each reporting date, based on independent assessments of the market value of the property conducted at least every three years and other available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

25 Subsequent events

In August 2023, the Club has engaged an agent to list and sell the investment properties held at 2, 4 and 6 Wales St Charlestown. The proceeds will provide funds for working capital and capital improvements, and to reduce the Club's debt.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 22 are in accordance with the the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Phillip Blackford - Vice President



Dianne Pascoe - Director

Dated: 29 August 2023
Charlestown, NSW

Independent auditor's report to the members of Central Charlestown Leagues Club Limited

Opinion

We have audited the financial report of Central Charlestown Leagues Club Limited (the Club) which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report, which indicates that the Club has incurred a net loss of \$737,663 along with a negative net cashflow from operating activities of \$419,405 in the current year and has a deficiency in working capital such that current liabilities exceeded current assets by \$732,122. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Directors' Report.

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 further to report in this regard.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Responsibilities of the Directors for the financial report

The Directors of the Club are responsible for the preparation and fair presentation of the financial report 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. Those charged with governance are responsible for overseeing the Club's financial reporting process.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2023 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 29 August 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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