
The St George Masonic Club Ltd
ACN 000 680 651

Annual Financial Report
31 March 2022

The St George Masonic Club Ltd

Directors' Report

The directors present their report together with the financial statements of The St George Masonic Club Ltd (the company) for the year ended 31 March 2022.

Directors

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

Kenneth R Tildsley	
Paul Dawkins	Resigned 28 April 2021
John Brooks	
Paul Blair	
Reynir Potter	Resigned 23 February 2022
Matthew Boland	
Norma Alexander	
Allan Cooper	Resigned 6 April 2022
Peter Teasel	
Jodie Horton	Appointed to Board 12 December 2021

Information on directors

Kenneth R Tildsley	Retired Public Servant Appointed to Board 22 July 2012
Paul Dawkins	Accountant Appointed to Board 18 April 2012
John Brooks	Self-employed Carpet Layer Appointed to Board 2006
Paul Blair	Business Manager Appointed to Board 17 July 2016 Junior Vice President
Reynir Potter	Operational Communications Officer / Fire Fighter Resigned 23 February 2022
Matthew Boland	Retired Food Technologist Appointed to Board 30 March 2016 President
Norma Alexander	Semi-Retired Administrator Appointed to board 22 July 2018 Senior Vice President
Allan Cooper	Retired Resigned 6 April 2022
Peter Teasel	Train Driver Appointed to Board 30 August 2020
Jodie Horton	Appointed to Board 12 December 2021

The St George Masonic Club Ltd

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) and of each Board committee held during the year ended 31 March 2022, and the number of meetings attended by each director were:

Director	<u>BOARD MEETINGS</u>		<u>SPECIAL MEETINGS</u>	
	Meetings Attended	Meetings * Held	Meetings Attended	Meetings * Held
Tildsley K R	11	12	2	2
Dawkins P	1	1	-	-
Brooks J	11	12	1	2
Blair P	12	12	2	2
Potter R	4	11	1	2
Boland M	11	12	2	2
Alexander N	12	12	2	2
Cooper A	8	12	2	2
Teasel P	11	12	2	2
Horton J	3	4	-	-

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 March 2022 and the comparison with last year is as follows:

	2022	2021
Full (Ordinary Members)	101	81
Associates (Widows and Wives)	39	41
Social	6,265	5,864
	<hr/>	<hr/>
	6,405	5,986
	<hr/>	<hr/>

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he or she is a member or within one year thereafter. The total liability in the event of winding up is \$12,810 (2021: \$11,972).

The St George Masonic Club Ltd

Directors' Report

Operating result

The table below shows a reconciliation of earnings before interest, income tax, depreciation and amortisation. This is referred to as EBITDA.

	2022 \$	2021 \$
Net profit/(loss) after income tax expense attributable to members	(655,494)	(206,104)
Add back:		
Depreciation	641,006	692,749
Finance costs	14,595	22,507
	<hr/>	<hr/>
EBITDA	107	509,152
	<hr/> <hr/>	<hr/> <hr/>

Objectives

Short term

The Club's main short term objective is to provide a Licensed Social Club that is a family friendly destination that continues to support Local Sporting Clubs and the Local Community while in the short term always being mindful to strive for financial sustainability.

Long term

To strengthen the Club's financial position by retiring debt whilst always striving to improve our Club's services, facilities and amenities for all to enjoy.

Strategy for achieving the objectives

The Club conducts a Strategic Review of its operation annually and undertakes a number of strategic pillars to achieve these objectives such as providing:

- Detailed budgets, cash flows and other forecasts are prepared and used as a management and Board tool.
- Strong Customer Focus by the development of our team.
- To constantly review our business operations to ensure efficiencies.
- Growing our Business.
- Being a good corporate citizen and by supporting the Local Sporting Clubs and Local Community.
- Providing great facilities that are constantly improving to meet and exceed our members' expectations in alignment with sound business plans, ensuring it suits the ever changing market.

Principal activities

The principal activity of the company during the year has continued to be that of a licensed social club.

There have been no significant changes in the nature of these activities during the year.

The St George Masonic Club Ltd

Directors' Report

How these activities assist in achieving the objectives

The principal activities of the Club outlined above are consistent with the Club achieving the objectives with each stated strategy designed to enhance and improve the Club's facility and ensure delivery of quality facilities of a Licensed Social Club.

Performance measurement and key performance indicators

The Club has detailed budgets and cash flows developed for the ensuing year. The performance for the year is scrutinized on an ongoing, monthly basis, using the budget to industry benchmarks from the Club industry. Some of the criteria are as follows:

- Gross profit margins
- Detailed wages to sales analysis
- Detailed profit and loss accounts
- Balance sheet analysis
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Cash flow

Non-Financial Performance is assessed by a variety of measures including:

- Membership numbers
- Patron feedback
- Staff involvement and feedback
- Comparison to industry trends and initiatives

	2022	2021
Key Performance Indicators		
Bar		
Gross profit	390,874	436,635
Gross profit percentage	62.4%	60.9%
Wages to sales percentage	37.8%	46.9%
Wages and salaries (including on-costs)		
- percentage of total revenue	34.6%	32.1%
EBITDA percentage	0.0%	13.4%

Matters subsequent to the end of the reporting period

No matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may significantly affect:

- (a) the company's operations in future years, or
- (b) the results of those operations in future years, or
- (c) the company's state of affairs in future years.

The St George Masonic Club Ltd

Directors' Report

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 6.

Signed in accordance with a resolution of the directors.

Dated at Mortdale this 1st day of June 2022.

Matthew Boland
President

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF THE ST GEORGE MASONIC CLUB LTD

As lead auditor of The St George Masonic Club Ltd for the year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Clayton Eveleigh
Director

BDO Audit Pty Ltd
Sydney, 1 June 2022

INDEPENDENT AUDITOR'S REPORT

To the members of The St George Masonic Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The St George Masonic Club Ltd (the Company), which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of The St George Masonic Club Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 March 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 *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.

Material uncertainty related to going concern

We draw attention to page 14 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, 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 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 on the other information obtained prior to the date of this auditor's report, 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.

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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Clayton Eveleigh
Director

Sydney, 1 June 2022

The St George Masonic Club Ltd

Directors' Declaration

The directors of The St George Masonic Club Ltd declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 10 to 30, are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 March 2022 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Mortdale this 1st day of June 2022.

Matthew Boland
President

The St George Masonic Club Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March 2022

	Note	2022 \$	2021 \$
Revenue and other income			
Sale of goods revenue		626,040	716,028
Rendering of services revenue		2,050,004	2,693,671
Other revenue		61,001	31,780
Other income		115,710	357,000
		<hr/>	<hr/>
	1	2,852,755	3,798,479
		<hr/>	<hr/>
Expenses			
Raw materials used		(235,166)	(279,392)
Depreciation expenses	2	(641,006)	(692,749)
Employee benefits expense		(988,341)	(1,219,739)
Entertainment, marketing and promotional costs		(350,049)	(357,140)
Finance costs	2	(14,595)	(22,507)
Occupancy expenses		(646,154)	(672,536)
Poker machine licences and taxes		(293,060)	(425,998)
Rental expenses		(3,027)	(1,724)
Other expenses		(336,851)	(332,798)
		<hr/>	<hr/>
		(3,508,249)	(4,004,583)
		<hr/>	<hr/>
Profit/(loss) before income tax		(655,494)	(206,104)
Income tax benefit	3(a)	-	-
		<hr/>	<hr/>
Profit/(loss) after income tax		(655,494)	(206,104)
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year attributable to members		(655,494)	(206,104)
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 14 to 30.

The St George Masonic Club Ltd
Statement of Financial Position
As at 31 March 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents		497,743	1,013,798
Trade and other receivables		25,129	2,632
Financial assets		750	750
Inventories		52,536	49,795
Prepayments		17,898	16,292
Total Current Assets		594,056	1,083,267
Non-Current Assets			
Property, plant and equipment	4	5,828,601	6,122,779
Intangible assets	5	193,291	193,291
Total Non-Current Assets		6,021,892	6,316,070
Total Assets		6,615,948	7,399,337
LIABILITIES			
Current Liabilities			
Trade and other payables	6	474,582	554,965
Financial liabilities	7	-	2,121,023
Lease liabilities	8	52,751	24,441
Employee benefits	9	212,856	228,329
Income received in advance		16,071	23,473
Total Current Liabilities		756,260	2,952,231
Non-Current Liabilities			
Lease liabilities	8	4,392	66,956
Employee benefits	9	54,256	44,639
Financial liabilities	7	2,121,023	-
Total Non-Current Liabilities		2,179,671	111,595
Total Liabilities		2,935,931	3,063,826
Net Assets		3,680,017	4,335,511
Members' Funds			
Retained profits		3,680,017	4,335,511
Total Members' Funds		3,680,017	4,335,511

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 30.

The St George Masonic Club Ltd
Statement of Changes in Members' Funds
For the Year Ended 31 March 2022

	Retained Earnings	Total Members' Funds
	\$	\$
Balance at 1 April 2020	4,541,615	4,541,615
Profit/(loss) after tax for the year	(206,104)	(206,104)
Total other comprehensive income for the year	-	-
Total comprehensive income for the year, attributable to members	<u>(206,104)</u>	<u>(206,104)</u>
Balance at 31 March 2021	4,335,511	4,335,511
Profit/(loss) after tax for the year	(655,494)	(655,494)
Total other comprehensive income for the year	-	-
Total comprehensive income for the year, attributable to members	<u>(655,494)</u>	<u>(655,494)</u>
Balance at 31 March 2022	<u>3,680,017</u>	<u>3,680,017</u>

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 14 to 30.

The St George Masonic Club Ltd
Statement of Cash Flows
For the Year Ended 31 March 2022

	Note	2022 \$	2021 \$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		2,769,257	3,766,255
Payments to suppliers and employees (inclusive of GST)		(2,950,636)	(3,363,264)
Payment for income tax		-	6,330
Interest received		176	495
Rent received		60,825	31,285
Finance costs paid		(14,595)	(22,507)
		<hr/>	<hr/>
Net cash (outflows)/inflows from operating activities		(134,973)	418,594
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(346,828)	(226,048)
		<hr/>	<hr/>
Net cash outflows from investing activities		(346,828)	(226,048)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Payment for leases		(34,254)	-
		<hr/>	<hr/>
Net cash outflows from financing activities		(34,254)	-
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(516,055)	192,546
Cash and cash equivalents at the beginning of the financial year		1,013,798	821,252
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		497,743	1,013,798
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 30.

The St George Masonic Club Ltd

Notes to the Financial Statements

For the Year Ended 31 March 2022

About this report

St George Masonic Club Ltd is a company limited by guarantee, incorporated and domiciled in Australia and is a non-profit entity for the purposes of preparing the financial statements. The financial statements are for St George Masonic Club Ltd as a standalone legal entity.

The financial statements were approved for issue by the Directors on 1 June 2022.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars; and
- Where necessary comparative information has been restated to conform with changes in presentation in the current year.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date of these financial statements were approved.

COVID-19 has had a significant impact on the Clubs operations and financial results during the year with approximately 16 weeks of Government imposed lockdowns and subsequently the Omicron outbreak which heavily impacted trading conditions. During the year, the company incurred a net loss of \$655,494 (2021: \$206,104), negative operating cashflows of \$134,973 (2021: positive operating cash flows of \$418,594). At 31 March 2022, the company was in a net current liability position of \$162,204 (2021: \$1,868,964) and held cash and cash equivalents of \$497,743 (2021: \$1,013,798).

These events and conditions indicate the existence of a material uncertainty in relation to going concern which may cast significant doubt as to whether the company will continue as a going concern and, therefore, whether the company will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

However, the directors believe there are reasonable grounds to conclude the company will continue as a going concern on the basis of the following:

- The company successfully renegotiated its commercial bill facility during the year and extended repayment terms until 2023 and 2024, with no principal repayments due until maturity;
- Cash flow budgets indicate sufficient cash flow for the period of 12 months from the date of this report;
- At the date of this report, and subsequent to year end, there does not appear to be any significant uncertainties with respect to trading conditions which may impact the club unfavourably;
- Trade and other payables include amounts owing to government agencies for which amounts are not immediately due at the time of the financial report; and
- Performance in recent months has been favourable and continues to improve.

The St George Masonic Club Ltd

Notes to the Financial Statements

For the Year Ended 31 March 2022

Going Concern (continued)

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 4
Impairment of non-financial assets	Note 5
Long service leave liability	Note 9

	2022 \$	2021 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	626,040	716,028
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	1,891,072	2,385,719
Members' subscriptions	11,940	47,760
Entertainment and promotions	50,867	166,290
Keno sales	67,678	55,498
Commission received	28,447	38,404
	<hr/>	<hr/>
	2,050,004	2,693,671
	<hr/>	<hr/>
Other Revenue		
Interest received	176	495
Rent received	60,825	31,285
	<hr/>	<hr/>
	61,001	31,780
	<hr/>	<hr/>
Other Income		
Government grants received	115,710	357,000
	<hr/>	<hr/>
Total revenue and other income	2,852,755	3,798,479
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The St George Masonic Club Ltd

Notes to the Financial Statements

For the Year Ended 31 March 2022

1 Revenue and Other Income (continued)

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. The club recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the club's activities as described below.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point in time of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods which is considered to be the fulfilment of the performance obligation.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental Revenue

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

Other income

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

Sale of Property, Plant and Equipment

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

Government Grants

Government grants are recognised as income when it is reasonably certain that the company complies with the conditions attached to them and when the right to receive payment is established. The company has elected to recognise grant income as an offset to the directly attributable expenditure in the financial statements where relevant. A total of \$115,710 of Job Saver subsidies have been recognised as other income during the year ended 31 March 2022, whilst a total of \$357,000 of Job Keeper subsidies were recognised as other income in the year ended 31 March 2021.

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	2022 \$	2021 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Bank loans and overdraft	-	3,083
Loan funding	3,600	3,600
Hire purchase charges	10,995	15,824
	14,595	22,507
Depreciation		
Buildings and improvements	162,060	164,653
Plant and equipment	152,161	175,430
Poker machines	186,133	169,834
Poker machines under lease	100,941	135,525
Plant and equipment under lease	35,698	43,142
Motor vehicles under hire purchase	4,013	4,165
	641,006	692,749
Contribution to superannuation plans	79,623	88,303

Recognition and Measurement

Finance costs include interest or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

3 Income Tax

(a) Income Tax Benefit

The Income Tax Assessment Act, 1997 (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.

	2022	2021
	\$	\$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	475,649	582,927
Less: Proportion of expenses attributable to non-members	(561,695)	(568,431)
	<hr/>	<hr/>
	(86,046)	14,496
Add: Other taxable income	157,126	499,762
	<hr/>	<hr/>
	71,080	514,258
Less: Other deductible expenses	(260,142)	(743,528)
	<hr/>	<hr/>
Net income/(loss) subject to tax	(189,062)	(229,270)
Tax losses not recognised	189,062	229,270
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Income tax attributable to operating profit at a rate of 25%	-	-
Decrease in deferred tax assets	-	-
	<hr/>	<hr/>
Income tax expense	-	-
	<hr/> <hr/>	<hr/> <hr/>

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

3 Income Tax (continued)

	2022 \$	2021 \$
(b) Tax losses		
Unused tax losses for which no deferred tax has been recognised	1,057,956	870,385
Potential tax benefit at 25%	264,489	239,356

Unused tax losses for which no deferred tax asset has been recognised are subject to final submission of income tax returns for the current financial year.

The benefits will only be obtained if:

- i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised,
- ii) the company continues to comply with the conditions for deductibility imposed by law, and
- iii) no changes in tax legislation adversely affect the company in realising the benefit.

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period’s taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle the claim simultaneously.

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, e.g. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	2022 \$	2021 \$
4 Property, Plant and Equipment		
Freehold Land and Buildings <i>At cost</i>	750,000	750,000
Buildings and Improvements <i>At cost</i> <i>Accumulated depreciation</i>	5,224,320 (1,965,610)	5,224,320 (1,803,550)
	3,258,710	3,420,770
Total Land, Buildings and Improvements	4,008,710	4,170,770
Plant and Equipment <i>At cost</i> <i>Accumulated depreciation</i>	4,763,456 (4,023,178)	4,636,488 (3,871,017)
	740,278	765,471
Poker Machines <i>At cost</i> <i>Accumulated depreciation</i>	2,736,512 (2,180,122)	2,516,651 (1,993,989)
	556,390	522,662
Plant and Equipment Under Lease (Right-Of-Use-Asset) <i>At cost</i> <i>Accumulated depreciation</i>	726,744 (503,438)	726,744 (467,740)
	223,306	259,004
Poker Machines Under Lease (Right-Of-Use-Asset) <i>At cost</i> <i>Accumulated depreciation</i>	3,017,792 (2,721,184)	3,017,792 (2,620,243)
	296,608	397,549
Motor Vehicles Under Lease (Right-Of-Use-Asset) <i>At cost</i> <i>Accumulated depreciation</i>	41,228 (37,919)	41,228 (33,906)
	3,309	7,322

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	2022 \$	2021 \$
4 Property, Plant and Equipment (cont.)		
	<hr/>	<hr/>
Total property, plant and equipment net book value	5,828,601	6,122,779
	<hr/> <hr/>	<hr/> <hr/>

Refer to Note 7 for details of security over property, plant and equipment.

Valuation

The independent valuation of the company’s land and buildings was carried out as at 5 March 2021 by Andrew Nock Pty Ltd on the basis of open market for existing use and resulted in a valuation of \$8,800,000. As land and buildings are recorded at cost the valuation has not been brought to account. The Directors do not believe that there has been a material movement in the fair value since the valuation date.

Reconciliations

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

Buildings and Improvements		
Carrying amount at beginning of year	3,420,770	3,535,423
Addition	-	50,000
Depreciation expense	(162,060)	(164,653)
	<hr/>	<hr/>
Carrying amount at end of year	3,258,710	3,420,770
	<hr/> <hr/>	<hr/> <hr/>

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	2022 \$	2021 \$
4 Property, Plant and Equipment (cont.)		
Plant and Equipment		
Carrying amount at beginning of year	765,471	844,506
Additions	126,968	96,420
Disposals	-	(25)
Depreciation expense	(152,161)	(175,430)
	<hr/>	<hr/>
Carrying amount at end of year	740,278	765,471
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	522,662	612,844
Additions	219,861	79,652
Depreciation expense	(186,133)	(169,834)
	<hr/>	<hr/>
Carrying amount at end of year	556,390	522,662
	<hr/>	<hr/>
Plant and Equipment Under Lease (Right-Of-Use-Asset)		
Carrying amount at beginning of year	259,004	302,146
Depreciation expense	(35,698)	(43,142)
	<hr/>	<hr/>
Carrying amount at end of year	223,306	259,004
	<hr/>	<hr/>
Poker Machines Under Lease (Right-Of-Use-Asset)		
Carrying amount at beginning of year	397,549	533,074
Depreciation expense	(100,941)	(135,525)
	<hr/>	<hr/>
Carrying amount at end of year	296,608	397,549
	<hr/>	<hr/>
Motor Vehicles Under Lease (Right-Of-Use-Asset)		
Carrying amount at beginning of year	7,322	11,487
Depreciation expense	(4,013)	(4,165)
	<hr/>	<hr/>
Carrying amount at end of year	3,309	7,322
	<hr/>	<hr/>

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

4 Property, Plant and Equipment (cont.)

Core Properties held by the Club are:

St George Masonic Club Ltd
86 Roberts Avenue
Mortdale NSW 2223

Non-Core Properties held by the Club are:

None

Recognition and Measurement

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2022	2021
Buildings and improvements	40 years	40 years
Plant and equipment	4-10 years	4-10 years
Poker machines	4 years	4 years
Motor vehicles	4 years	4 years
Leased plant and equipment	3 years	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

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

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

4 Property, Plant and Equipment (cont.)

Recognition and Measurement (continued)

Impairment of Assets

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

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

Right-Of-Use-Assets

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

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

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

Key Estimate and Judgement: Estimation of Useful Lives of Assets

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

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	2022 \$	2021 \$
5 Intangible Assets		
Poker machine entitlements - at cost	193,291	193,291
	<hr/>	<hr/>
Net carrying amount	193,291	193,291
	<hr/> <hr/>	<hr/> <hr/>

Impairment tests for poker machine entitlement

At the end of the reporting period the entity assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The entity uses the daily net income earned (excluding GST) per machine per day and multiplies by the number of poker machine entitlements it has paid for. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The following rates were used throughout the calculation:

- A discount rate of 3.17% was applied
- expected revenue increases of 5% per year over the next 5 years
- expected expense increases of 2-3% per year over the next 5 years

Poker Machine Entitlements

The poker machine entitlements is an indefinite useful life intangible asset. Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Key Estimate and Judgement

Impairment of poker machine entitlements is recognised based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the company from the use of these licenses. In determining the present value of the cash inflows, growth rate and appropriate discount factors have been considered.

	2022 \$	2021 \$
6 Trade and Other Payables		
Trade creditors	143,671	57,136
Goods and Services Tax (GST) payable	41,944	38,787
Other creditors and accruals	288,967	459,042
	<hr/>	<hr/>
	474,582	554,965
	<hr/> <hr/>	<hr/> <hr/>

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

	Note	2022 \$	2021 \$
7 Financial Liabilities			
Current			
Secured			
Commercial bill facilities		-	2,121,023
Non-Current			
Secured			
Commercial bill facilities		2,121,023	-
Financing Arrangements			
The company has access to the following lines of credit:			
Total facilities available:			
Commercial bill facilities		2,121,023	2,600,000
Overdraft facility		50,000	50,000
Master Credit Card Facility		10,000	10,000
		<u>2,181,023</u>	<u>2,660,000</u>
Facilities utilised at reporting date:			
Commercial bill facilities		2,121,023	2,121,023
Overdraft facility		14,375	-
Master Credit Card Facility		591	591
		<u>2,135,989</u>	<u>2,121,614</u>

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

7 Financial Liabilities (continued)

Recognition and Measurement

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

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In October 2021, the company renegotiated its commercial bill facilities which now mature in December 2023 and March 2024 with the principal due on maturity and are therefore classified as non-current.

Finance Leases

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Security

The security for the commercial bill facility and asset finance line is:

- Registered Mortgage by the St George Masonic Club over the property located at 86 Roberts Avenue, Mortdale;
- General Security Agreement over all present and after-acquired property; and
- Specific Security agreement over all the property described therein.

	2022 \$	2021 \$
8 Lease Liabilities		
Current		
Lease liabilities	52,751	24,441
	<hr/>	<hr/>
Non-Current		
Lease liabilities	4,392	66,956
	<hr/>	<hr/>

Recognition and measurement

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

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

8 Lease Liabilities (continued)

Recognition and measurement (continued)

expensed in the period in which they are incurred. Lease liabilities are secured over the rights to the hire purchase assets recognised in the statement of financial position which will revert to the lessor if the company defaults.

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

	2022 \$	2021 \$
9 Employee Benefits		
Aggregate liability for employee benefits including on-costs		
Current	212,856	228,329
Non-current	54,256	44,639
	267,112	272,968

The present values of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	5.10%	1.80%
Discount rate	0.80%	0.75%

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 10.00% of each employee's base salary to a superannuation fund.

Recognition and Measurement

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The St George Masonic Club Ltd
Notes to the Financial Statements
For the Year Ended 31 March 2022

9 Employee Benefits (continued)

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on corporate bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit

Key Estimate and Judgement: Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

10 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Kenneth R Tildsley
Paul Dawkins
John Brooks
Paul Blair
Reynir Potter
Matthew Boland
Norma Alexander
Allan Cooper
Peter Teasel
Jodie Horton

(b) Key Management Personnel Compensation

	2022	2021
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel	147,835	171,375

The St George Masonic Club Ltd

Notes to the Financial Statements

For the Year Ended 31 March 2022

11 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 March 2022 there were 6,405 members.

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter.

The registered office of the company is 86 Roberts Avenue, Mortdale NSW 2223.

12 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

13 Summary of Other Significant Accounting Policies

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

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(b) Cash and Cash Equivalents

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

(c) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.