



Annual Report | 2022

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Presidents Report to Members

Dear Members,

In 2022, the pandemic had subsided and life could go back to normal.

With strong trading all year, we were able to make a profit of \$311,651. The bars & bistro performed at a high level as always. We also had the addition of many Band Nights that brought a lot of new faces to the club and a boost to our membership base.

The club made donations exceeding \$10,000 throughout the year to local community organisations, including, Avalon Surf Life Saving Club, Avalon Bulldogs Junior Rugby League Football Club, Rotary and Community Northern Beaches to name a few.

I am so proud of all the managers & staff, especially in a year of short staffing. They put such diligent professional work throughout the year and always with a smile on their face.

It's been a hard few years for the Board of Directors and I thank them all for their efforts during this period.

We couldn't reach these goals if it wasn't for the support of all our members. See you at the club.

Yours Faithfully



Mark Houlder
President



General Managers Report to Members

Dear Members,

It is my pleasure to report on the results of the 2022 financial year.

2022 was a successful year for the Club posting a profit of \$311,651 with a 61% increase in club income YOY.

The grips of the covid pandemic finally came to an end, the club saw the return of live touring entertainment, food & beverage had record breaking monthly sales and the venue made several building improvements.

A large part of the year, the Avalon Beach RSL Club and most industries has staff shortage issues. While staff shortage issues now seem to be ending, we sincerely thank all our members for their patience and support with staffing & service disruptions.

During 2022 the club completed, a long-awaited, full renovation of the lounge/bistro restrooms, solar panels were installed, additional sustainability improvements, new furnishings throughout the courtyard and rebranding of the function room. A large number of behind the scene improvements from air conditioning upgrades to audio/visual installations and more were also completed.

Avalon Beach RSL continues to support community & charity organisations through donations & sponsorship. Just some of the organisations we were able to support in 2022 include: Avalon Surf Life Saving Club, Avalon Bulldogs Junior Rugby League Football Club, OESC Flood Donation Hub, Rotary, Community Northern Beaches, Friends of Soibada & Movember to name a few. We look to support the above and more organisations throughout 2023 and beyond.

2022 could not have been possible without the incredible staff & board that we have here at Avalon Beach RSL Club. 2022 saw the most staff shortages in recent history. The staff & board exceeded all expectations rallying together to make it work by any means possible. In my 25+ years in the industry I have never seen such a cohesive team. Thank you from the bottom of my heart!

Finally and most importantly, I want to thank our 6000+ members. While 2022 was not as smooth operating as we aimed for, we have only achieved a successful year thanks to the incredibly loyal support & patronage from club members.

It is a pleasure to see a few tricky years now in the past. If the club can be as successful and supported during such unprecedented times, we are more than excited to show what we can provide with fewer unexpected interruptions.

See you soon at the club.



Cristo Tracy
General Manager



AVALON BEACH RSL CLUB LIMITED
A.B.N.59 000 968 838

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31st December 2022.

DIRECTORS

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

Name and Qualifications

Experience and Special Responsibilities

President

Mark Houlder	Retired Fire Brigade Officer - Mark has been a Director since 2005. His portfolio is Finance.
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Vice Presidents

Mal French	Company Director - Mal has been Director since 2007 and Vice President since May 2017.
Paul Sinclair	Paul is a local business owner in the painting industry. Appointed May 2019. VP August 2022.

Directors

Peter Nash	Company Director - Peter has also served two terms as a Director since 1998 holding the position of President. His current term as a Director commenced 2008. His portfolio is Finance.
Robert White	Glazier - Bob has been a Director since 1986 and also on the executive for many years. His portfolios include Marketing & Building.
Adrian Harding	Currently an Officer in the Australian Army - 33 years in Defence. Consultancy for major infrastructure projects, project management and contract administration. Adrian was appointed director in September 2017
Ian Squire	Ian is a professional tradesman in the building industry. Appointed as Director October 2016.
Angela Jones	Angela was a business operator in the print industry and now is employed in the plumbing sector. Angela was appointed in March 2018.
Peter Anderson	Peter has had a long career in publishing, advertising and other media. He has also spent a combined 10 years on the club board on previous occasions. His portfolio is Marketing & Advertising. Appointed as Director for this term from May 2021.

AVALON BEACH RSL CLUB LIMITED

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DIRECTORS' REPORT

During the financial year, 12 meetings of directors were held. Attendances were:

	Held	Attended
M. Houlder	12	12
M. French	12	8
P. Nash	12	11
P. Sinclair	12	11
R. White	12	11
I. Squire	12	10
A. Harding	12	10
A. Jones	12	11
Peter Anderson	12	11

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

CHIEF EXECUTIVE OFFICER

Cristo Tracy - Appointed 13th January 2020.

Cristo has over 20 years' experience in the Club & hospitality industry holding various senior management positions. He has been with Avalon Beach RSL Club managing marketing, events and operations for 8 years prior to his appointment as CEO in January 2020. Cristo has previously been an owner/operator of a hospitality business and was a marketing consultant for the club & hospitality industry. Cristo holds a Bachelor Digital Media.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year to provide the facilities of a licensed club to the members and visitors.

The club's short term objectives are to:

- i) provide the best possible clubhouse facilities to members.
- ii) encourage new membership.
- iii) remain financially viable to achieve the above objectives.

The club's long term objectives are to:

- i) establish and maintain membership that fosters the club's strategic plan; and
- ii) be sustainable and strive for continuous improvement so as to offer the best possible facilities and social amenities to members.

To achieve these objectives, the club has adopted the following Strategies:

- i) the Board strives to attract and retain quality management and provide high standards of service levels to the members. The Board believes that attracting and retaining quality staff will assist with the success of the club in both the short and long term.
- ii) maintain rigorous control over the club's finances to ensure the club remains viable and is able to continually upgrade clubhouse facilities for the benefit of members and encourage new membership.
- iii) the Board is committed to meet consistent standards of governance, best practice and provide clear expectations of professional accountabilities and responsibilities to all members.

AVALON BEACH RSL CLUB LIMITED

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DIRECTORS' REPORT

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data from the club industry:

Some of the criteria reported on are:

Earnings before Interest Taxation Depreciation Amortisation Rent and Donations (EBITDARD)

Gross Profit Margins

Expense Ratios and Analysis

Cash Flow

Non financial performance is assessed by a variety of measures including:

Members' feedback

Staff turnover

Comparison with industry wide initiatives

Member research

The club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the club is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 towards meeting any outstanding obligations of the club. At 31st December 2022 the collective liability of members was \$12,064 (2021: \$10,060).

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001

A copy of the Auditor's Independence Declaration follows this Directors Report.

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



Mark Houlder
President



Ian Squire
Director

Dated: 8/5/23

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AVALON BEACH RSL CLUB LIMITED**

In accordance with s 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Avalon Beach RSL Club Limited. As the lead audit partner for the audit of the financial report of Avalon Beach RSL Club Limited for the year ended 31/12/2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

CONROY AUDIT & ADVISORY
Chartered Accountants

A handwritten signature in black ink, appearing to read 'D R Conroy', with a stylized flourish at the end.

D R Conroy
Principal

Sydney
Dated: 8/5/23

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2022**

	Notes	2022 \$	2021 \$
Revenue from continuing operations			
Revenue	2	6,030,759	3,616,470
Other revenue	2	-	11,818
Total revenue from continuing operations		<u>6,030,759</u>	<u>3,628,288</u>
Expenses			
Cost of Sales	3	(1,401,812)	(792,466)
Advertising & Promotions		(56,236)	(20,566)
Employee Benefits Expense		(1,762,986)	(1,288,962)
Insurance		(147,419)	(134,937)
Licence & Rental Expenses		(54,327)	(41,430)
Members & Patron Amenities		(375,164)	(215,503)
Poker Machine Taxes		(429,685)	(207,089)
Repairs and Maintenance		(214,208)	(143,165)
Rates and Utilities		(119,024)	(120,077)
Other Expenses		(679,971)	(465,806)
Total Expenses		<u>(5,240,832)</u>	<u>(3,430,001)</u>
Earnings before depreciation, amortisation and finance costs		<u>789,927</u>	<u>198,287</u>
Depreciation and amortisation	3	(331,800)	(336,341)
Finance Costs	3	(146,476)	(55,409)
		<u>(478,276)</u>	<u>(391,750)</u>
Profit (Loss) before income tax		<u>311,651</u>	<u>(193,463)</u>
Income tax expense	4	-	-
Net Profit (Loss)		<u>311,651</u>	<u>(193,463)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>311,651</u>	<u>(193,463)</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	696,086	553,607
Trade and Other Receivables	6	13,719	1,503
Inventories	7	109,855	106,647
Other Assets	8	<u>140,301</u>	<u>88,538</u>
TOTAL CURRENT ASSETS		<u>959,961</u>	<u>750,295</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	10	4,517,999	4,446,753
Right of Use Assets	10	194,143	-
Financial Assets	9	<u>750</u>	<u>750</u>
TOTAL NON-CURRENT ASSETS		<u>4,712,892</u>	<u>4,447,503</u>
TOTAL ASSETS		<u>5,672,853</u>	<u>5,197,798</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	279,534	342,620
Financial Liabilities	12	230,982	99,095
Short Term Provisions	13	<u>67,879</u>	<u>58,447</u>
TOTAL CURRENT LIABILITIES		<u>578,395</u>	<u>500,162</u>
NON CURRENT LIABILITIES			
Financial Liabilities	12	1,610,389	1,628,435
Trade and Other Payables	11	99,174	-
Long Term Provisions	13	<u>29,091</u>	<u>25,049</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,738,654</u>	<u>1,653,484</u>
TOTAL LIABILITIES		<u>2,317,049</u>	<u>2,153,645</u>
NET ASSETS		<u><u>3,355,804</u></u>	<u><u>3,044,153</u></u>
MEMBERS' FUNDS			
Retained Earnings		<u>3,355,804</u>	<u>3,044,153</u>
TOTAL MEMBERS' FUNDS		<u><u>3,355,804</u></u>	<u><u>3,044,153</u></u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED

A.B.N. 59 000 968 838

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
AS AT 31st DECEMBER 2022**

	Retained Earnings \$	Total \$
Balance at 1st January 2021	<u>3,237,616</u>	<u>3,237,616</u>
Profit (Loss) attributable to members of the company	(193,463)	(193,463)
Balance at 31st December 2021	<u>3,044,153</u>	<u>3,044,153</u>
Profit (Loss) attributable to members of the company	311,651	311,651
Balance at 31st December 2022	<u>3,355,804</u>	<u>3,355,804</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2022

	Notes	2022 \$	2021 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Trading		6,633,835	3,809,573
Government Stimulus		-	153,222
Payments to Suppliers and Employees		(5,861,532)	(3,672,467)
Interest Received		-	-
Finance Costs		(146,476)	(55,409)
Net cash provided by (used in) operating activities		625,827	234,919
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on sale of Plant & Equipment		-	11,818
Payment for Property, Plant & Equipment	10	(354,510)	(128,567)
Net cash provided by (used in) investing activities		(354,510)	(116,749)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		-	-
Repayment of Borrowings		(128,838)	(184,160)
Net cash provided by (used in) financing activities		(128,838)	(184,160)
Net increase/(decrease) in cash held		142,479	(65,990)
Cash at 1st January 2022		553,607	619,597
CASH at 31st December 2022	5	696,086	553,607

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Avalon Beach RSL Limited (the company) is a company incorporated and domiciled in Australia. The financial statements of the Company are as at and for the year ended 31 December 2022.

The Company is a company limited by guarantee and without share capital. 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 Company is a not-for-profit entity and is primarily involved in the operation of a registered club.

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.

Covid 19

Previous year revenue comparative figures were affected by the 15 week Covid related shutdown of the Company to October 2022.

Basis of preparation

Avalon Beach RSL Limited applies Australian Accounting Standards - Simplified Disclosure Requirements (SD) as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Simplified Disclosure Requirements (SD) of the Australian Accounting Standards Board and the Corporations Act 2001.

The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors of the Company.

Accounting policies

Income Tax

The income tax expense as stated in the Statement of Comprehensive Income is the amount calculated to be payable based on a formula determined by the Australian Taxation Office. Clubs are only assessed for income tax on the proportion of income derived from non-members, investments and other income specifically assessable under the Income Tax Assessment Act. Tax Effect accounting has been adopted.

Deferred tax assets relating to temporary timing differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available to absorb those timing differences. Deferred Tax Assets in the form of provisions for staff leave have not been raised as an asset in the accounts due to the relatively low and variable recovery of the tax benefits.

Inventories

Inventories are measured at the lower of cost and net realisable value.

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of core property (comprising the course, clubhouse and improvements thereon), plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Depreciation and Amortisation

The depreciable amount of plant and equipment is depreciated on a straight line basis and diminishing value basis over their useful lives to the Club commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the remaining term of the lease.

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

Class of Fixed Asset	Depreciation Rate
Building	2.0%
Plant and Equipment	3.0% -40%
Motor Vehicles	22.5%-40%
Poker Machines	15%-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

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

Leases

The entity as lessee

At inception of a contract, the entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the entity where the entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date.

The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

Food and beverage

Food and beverage revenue is recognised when received or receivable.

Membership subscriptions

Membership subscriptions are recognised in the year they relate to on an accruals basis.

Interest revenue

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

Donations

Donations are recognised when received.

Grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Other revenue

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

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is either expected to be settled in the company's normal operating cycle; it is held as cash or cash equivalents; or it is a receivable or payable. A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held as a payable; or it is a liability that is due or payable. Deferred tax assets and liabilities are always classified as non-current.

Cash

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

Trade and other receivables

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

Goods and Services Tax (GST)

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

Comparative Figures

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

Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost plus transactions cost where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

1. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through the profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

3. Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

4. Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

5. Financial Liabilities

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement

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

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

Critical Accounting Estimates and Judgments and assumptions

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

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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

The Notes to the Financial Statements

The notes present information that is relevant to an understanding of the material items contained in the financial statements. The notes give prominence to areas of the club's activities that are considered to be most relevant to an understanding of the statement of financial position and the profit or loss and other comprehensive income and statement of changes in members' funds and cashflows and are cross referenced to those statements.

New and Amended Accounting Standards Adopted by the Entity

Initial adoption of AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The entity has adopted AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: Application of Tiers of Australian Accounting, replaces the previous Reduced Disclosure Requirements (RDR) framework. The application of this standard has resulted in reductions in disclosures compared to RDR in Revenue, Leases and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
NOTE 2 – REVENUE		
Operating Activities:		
Bar Sales	2,006,614	1,175,102
Food and Catering	1,308,849	758,398
Poker Machine Takings	2,510,258	1,454,669
Membership Subscriptions	23,081	18,131
Commissions, Rebates, Room Hire	159,708	38,557
Interest Received	-	-
Government Stimulus	-	153,222
Other Income	22,249	18,391
	<u>6,030,759</u>	<u>3,616,470</u>
Other Revenue:		
Profit on disposal of Non Current Assets	-	11,818
	<u>-</u>	<u>11,818</u>
Total Revenue	<u>6,030,759</u>	<u>3,628,288</u>

NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

(a) Expenses

Cost of Sales	1,401,812	792,466
Interest and finance charges	146,476	55,409
Loss on Disposal of Non Current Assets	-	-
	<u>1,548,288</u>	<u>847,875</u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
(b) Significant Revenue and Expenses		
Depreciation and Amortisation of Non-Current Assets:		
Depreciation	283,264	290,609
Amortisation	48,536	45,732
Total Depreciation and Amortisation	<u>331,800</u>	<u>336,341</u>
Gain on disposal of Non Current Assets	<u>-</u>	<u>11,818</u>

NOTE 4 – INCOME TAX EXPENSE

The Income Tax Assessment Act provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and other income made specifically assessable.

A reconciliation between income tax expense and the product of accounting profit before income tax is as follows:

Income tax expense prima facie	77,913	(50,300)
Non assessable income	23,081	18,131
Non allowable deductions	255,878	161,632
Adjustment under the concept of mutuality	(356,872)	(129,463)
	<u>(0)</u>	<u>(0)</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash on Hand	125,000	145,000
Cash at Bank	<u>571,086</u>	<u>408,607</u>
	<u>696,086</u>	<u>553,607</u>

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current		
Trade and Other Receivables	<u>13,719</u>	<u>1,503</u>

NOTE 7 – INVENTORIES

Beverage and Catering Stock - at Cost	<u>109,855</u>	<u>106,647</u>
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NOTE 8 – OTHER ASSETS

Current		
Prepayments	<u>140,301</u>	<u>88,538</u>
	<u>140,301</u>	<u>88,538</u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Non-Current	2022	2021
	\$	\$
NOTE 9 – FINANCIAL ASSETS		
Shares ILG at cost	<u>750</u>	<u>750</u>
Right of Use Assets		
Right of Use Assets - Dunbar Park/Council Lease	242,679	45,732
Less Accumulated Amortisation	<u>(48,536)</u>	<u>(45,732)</u>
	<u>194,143</u>	<u>-</u>
NOTE 10 – PROPERTY, PLANT AND EQUIPMENT		
Property		
Land at cost	<u>1,219,000</u>	<u>1,219,000</u>
	<u>1,219,000</u>	<u>1,219,000</u>
Buildings		
Buildings at cost	2,964,259	2,964,259
Less Accumulated	<u>(741,859)</u>	<u>(668,796)</u>
	<u>2,222,400</u>	<u>2,295,463</u>
Total Property	<u>3,441,400</u>	<u>3,514,463</u>
Leasehold Improvements		
Leasehold Improvements at cost	504,458	404,743
Less Accumulated Depreciation	<u>(181,581)</u>	<u>(179,355)</u>
Total Leasehold Improvements	<u>322,877</u>	<u>225,388</u>
Plant, Furniture & Fittings at cost		
Plant, Furniture & Fittings at cost	5,945,293	5,690,496
Less Accumulated Depreciation	<u>(5,191,571)</u>	<u>(4,983,594)</u>
Total Plant, Furniture & Fittings	<u>753,722</u>	<u>706,902</u>
Total Property, Plant and Equipment	<u>4,517,999</u>	<u>4,446,753</u>

Valuation of Land and Buildings

The Directors have instructed independent valuers to inspect the Club's premises in order to assess and provide an opinion of the fair value of the freehold land and buildings. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation was carried out by Ben Hill of Global Valuation Services AAPI (Members of the Australian Property Institute). Registered Valuer No 24135). The valuation was carried out on 12 January 2016. The directors have reviewed the key assumptions adopted by the valuers and do not believe there is a significant change in the assumptions at 31/12/2022. The Directors therefore believe the carrying value of the land and buildings is not more than the recoverable amount at 31 December 2022.

(a) Freehold land and buildings - 1 Bowling Green Lane Avalon NSW 2107. Valuation of land at \$1,550,000 and building at \$3,150,000.

Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Building Improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	1,219,000	2,295,463	706,902	225,388	4,446,753
Additions	-	-	254,797	99,713	354,510
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(73,063)	(207,977)	(2,224)	(283,264)
Carrying amount at the end of year	<u>1,219,000</u>	<u>2,222,400</u>	<u>753,722</u>	<u>322,877</u>	<u>4,517,999</u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11 – TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Current		
<i>Unsecured liabilities</i>		
Trade Creditors	235,644	303,008
Sundry creditors and accrued expenses	43,890	39,612
	<u>279,534</u>	<u>342,620</u>
Non-current		
<i>Unsecured liabilities</i>		
Income received in advance	99,174	-
	<u>99,174</u>	<u>-</u>

NOTE 12 - FINANCIAL LIABILITIES

Current		
Secured Liabilities		
Bank Loan Facility	28,908	28,908
Lease liabilities - operating	199,773	-
Lease liabilities - other	2,301	70,187
	<u>230,982</u>	<u>99,095</u>
Non-Current		
Secured Liabilities		
Lease liabilities - other	-	444
Bank Loan Facility	1,610,389	1,627,991
	<u>1,610,389</u>	<u>1,628,435</u>

The bank loan facility is secured by first registered mortgage by Avalon Beach RSL Club over non residential real property located at 1 Bowling Green Lane Avalon NSW 2107.

NOTE 13 – PROVISIONS

Current		
Employee Entitlements	67,879	58,447
Non Current		
Employee Entitlements	29,091	25,049
	<u>96,970</u>	<u>83,496</u>

Superannuation commitments

The Club contributes to the following superannuation plan for employees:
Club Plus, Host Plus, Australian Super, BT, First State, Intrust, Rest and Sun Super.

Types of benefits

The funds provide benefits that represent the accumulation of contributions to employers, providing lump sum or annuity benefits upon retirement, death or disability.

Contributions

The Club is under a legal obligation to contribute 10.5% of each employee's base salary to a superannuation fund.
Details of contributions during the year are as follows:

Employer contributions to the plans	161,976	109,417
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NOTE 14 - KEY MANAGEMENT PERSONNEL DISCLOSURES FOR NON-DISCLOSING ENTITIES

The following were key management personnel of the Company at any time during the reporting period,
and unless otherwise indicated were directors for the entire period:

Non Executive Directors

M. Houlder	President	Executives
M. French	Vice president	Cristo Tracy - General Manager
P. Sinclair	Vice president	Mitchel Blundell - Catering Manager
P. Nash	Director	
R. White	Director	
A. Harding	Director	
Ian Squire	Director	
A. Jones	Director	
P. Anderson	Director	

AVALON BEACH RSL CLUB LIMITED
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

- Unless otherwise stated, transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

- There were no other transactions with any of the directors during the year.

The key management personnel compensations included in "Employee Benefits Expense" as follows:

	2022	2021
	\$	\$
Key Management Personnel Compensation	268,541	228,066
	<u>268,541</u>	<u>228,066</u>

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

From time to time, directors of the Company, or their director-related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by other Company employees or customers and are trivial or domestic in nature.

NOTE 15 - EVENTS AFTER THE REPORTING

From the end of the financial year to the date of this report there has been no subsequent event that would have a material effect on the financial position of the company except as disclosed in these financial statements.

NOTE 16- FINANCE LEASE COMMITMENTS

Payable minimum lease payments

Within one year	2,301	70,719
One year or later and no later than five years	-	444
Minimum lease liability payments	<u>2,301</u>	<u>71,163</u>
Less : Future finance and lease charges	-	(532)
	<u>2,301</u>	<u>70,631</u>

Lease liabilities provided for in the financial statements:

Current	2,301	70,187
Non-current	-	444
	<u>2,301</u>	<u>70,631</u>

Total lease liability

NOTE 18 – COMPANY DETAILS

The Club is incorporated and domiciled in Australia as a Company. In accordance with the Constitution of the Club, every member of the Club undertakes to contribute an amount limited to \$2.00 per member. At 31st December 2022 there were 6,032 members (2021: 5,030 members).

The registered office of the Club is:

Avalon Beach RSL Club Limited
1 Bowling Green Lane
Avalon Beach NSW 2107

AVALON BEACH RSL CLUB LIMITED

A.B.N. 59 000 968 838

DIRECTORS' DECLARATION

The Directors of the Avalon Beach RSL Club Limited declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards - Simplified Disclosures (SD) applicable to the entity; and
 - (b) give a true and fair view of the financial position of the company as at 31 December 2022 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors pursuant to Section 295 (5) of the Corporations Act 2001.



Mark Houlder
President



Ian Squire
Director

Dated: 8/5/23

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AVALON BEACH RSL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Avalon Beach RSL Club Limited (the company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Avalon Beach RSL Club Limited 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 December 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Regulations 2001.

Basis for Opinion

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CONROY AUDIT & ADVISORY

Chartered Accountants



D R Conroy
Principal

154 Elizabeth Street SYDNEY NSW 2000
Dated: 8/5/23

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

Disclosure requirements under section 41E of the Registered Clubs Act 1976

Section 41E of the registered clubs act 1976 requires the club to disclose its core and non-core property, as defined, in the annual report.

The following properties are Core Properties of the Club:

The Club's defined trading premises situated at 1 Bowling Green Lane, Avalon Beach NSW 2107.

The following properties are Non Core Properties of the Club:

The Club's members on 15/12/2013 declared part of the rooftop of the Club's main premises at 1 Bowling Green Lane, Avalon Beach NSW 2107 as Non-Core Property.

Notes to Members

1. Section 41E (5) of the Registered Clubs Act requires the Annual Report to specify the Club's Core and Non-Core Properties as at the end of the financial year to which the report related to.

2. Core Property is any real Property owned or occupied by the Club that comprises:

- (a) the defined premises of the Club; Or
- (b) any facility provided by the Club for use of its members and their guests; Or
- (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be Core Property of the Club.

3. Non-Core Property is any other property (other than that referred to above as Core Property) and any property which is declared by the members at a general meeting of ordinary members of the Club not to be Core Property.

4. The significance of the distinction between Core Property and Non-Core Property is that the Club cannot dispose of any Core Property unless;

- (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
- (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which a majority of the votes cast supported the approval; and
- (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.