

Pacific Palms Recreation Club



PACIFIC PALMS RECREATION CLUB LIMITED

ABN 47 000 910 378

ACN 000 910 378

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

TO BE PRESENTED AT THE
ANNUAL GENERAL MEETING
TO BE HELD AT THE CLUB ON
SUNDAY 17 October 2021 at 10:15am

3957 THE LAKES WAY, ELIZABETH BEACH, NSW

Contents

Annual General Meeting 2021 Agenda
President's Report
Secretary Manager's Report
Treasurer's Report
Directors' Report
Auditor's independence declaration
Statement of Profit or Loss and Other Comprehensive Income
Statement of Changes in Equity
Statement of Financial Position
Statement of Cash Flows
Notes to the financial statements
1. Statement Of Significant Accounting Policies
2. Revenue & Other Income
3. Finance Income
4. Result for the year
5. Income Tax
6. Related Party & Key management disclosure
7. Cash And Cash Equivalents
8. Trade And Other Receivables
9. Inventories
10. Property Plant and Equipment
11. Other Assets
12. Trade And Other Payables
13. Financial Liabilities
14. Employee Benefits
15. Other Liabilities
16. Capital & Leasing Commitments
17. Cash Flow Information
18. Events After Reporting Date
19. Financial Risk Management
20. Contingent Liabilities
21. Economic Dependency
22. Company Details
23. Core Property
Directors' declaration
Independent audit report

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Pacific Palms Recreation Club Limited (ABN: 47 000 910 378) will be held on Sunday 17 October, 2021 commencing at 10.15am.

AGENDA

1. Apologies
2. Minutes Silence
3. Confirm the minutes of the Annual General Meeting held on Sunday 25 October 2020
4. To appoint from among the members, present five (5) persons who shall appoint one (1) of their number Returning Officer with the remainder being Assistant Returning Officers all of whom shall act on and for the purpose of the ballot
5. To receive and adopt the Auditor's and Director's reports for the financial year ended 30 June 2021
6. To receive and adopt the Full Financial Report for the year ended 30 June 2021
7. To declare all Board of Directors positions vacant
8. To appoint a temporary Chairman
9. Election of the Board of Directors for the ensuing year
10. To consider and if thought fit approve payment of Honorariums to the Board of Directors
11. Ordinary Resolutions – to consider and if thought fit pass Ordinary Resolutions conferring benefits on Directors
12. To deal with any business of which due notice in writing has been given
13. To receive recommendations for the incoming Board

Nominations for Board positions must be received by no later than Saturday 9 October 2021 at 12 Noon.

Any clarification of the Full Financial Statements that requires an answer at the Annual General Meeting to be placed in writing to the Club President Mr L Schubert by Saturday 9 October 2021 at 12 Noon.

DIRECTORS HONORARIUMS

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

FIRST ORDINARY RESOLUTION

“That pursuant to the Registered Clubs Act:

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

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

SECOND ORDINARY RESOLUTION

“That pursuant to the Registered Clubs Act:

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

THIRD ORDINARY RESOLUTION

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

NOTES TO MEMBERS

First Ordinary Resolution

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

Second Ordinary Resolution

The Second Ordinary Resolution is to have the members in General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including Clubs NSW Annual General Meeting and to visit other clubs to enable the Board to keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

Third Ordinary Resolution

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

General

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

President's Report

I am pleased to report a profit of \$568,342 for the financial year ended 30 June 2021.

The Club, and indeed the entire local area, had a bumper season from July through to April as NSW visitors, unable to travel interstate, descended on our region. As you'll see in the Treasurer's report the Club's turnover increased across all core areas of the business, thanks in large part to these travel restrictions.

Sadly, at the time of writing we are once again under lockdown in a bid to curb the spread of the Delta variant of Covid-19. However, the Club has been able to swiftly move to a takeaway model so we can continue to serve our local community.

During the year, the Club has been able to offer support to our local community groups, providing funding in excess of \$10,000 to Coomba Aquatic Club & the Wallis Spirit Dragons, the Palms Community Centre, Cricket Club, Netball Club, Soccer Club, Surf Club, our local Palms Public School and their P & C Association, the Palms Rural Fire Brigade and Boomerang Beach Boardriders.

In addition, the Club provided donations of either cash or kind to our local Golf Clubs, several fundraisers, Koori Kids and the Special Children's Christmas Party, as well as sponsoring Battle of the Boats (sadly cancelled) and the Palms Art Festival.

With such a tremendous year, the Club has undertaken to have Architect's plans drawn up for alterations to take advantage of our lakeside location by maximizing seating available on our deck area and indoors. This will include moving the offices to increase seating available for patrons. We will proceed to get these plans costed before deciding an appropriate way forward.

However initially the Club has lodged a DA with Council to construct a new cellar at the back of the current Auditorium bar area. Our current cellar is as far away from the Bar as you can get – underneath the Club fronting the lake. This makes for high wastage when performing beer line cleaning (due to the length of the beer lines) as well as a long time to wait for a keg change!

We hope that all members will enjoy the changes we are planning. And we hope to see you (back) here again soon!

Larry Schubert
President

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

Secretary Manager's Report

As mentioned in the President's report, 9 of the last 12 months have been some of our busiest on record. I'd like to give a big shout out to Kurt, Leon, Ashley, Tracey and the rest of the staff for their hard work over the last financial year.

This year we welcomed the Dine & Discover vouchers in our Bistro, which proved to be immensely popular. And a big thank you to everyone who voted for our Recky Parmigiana in the Clubs NSW Perfect Plate awards. We finished in 2nd place in the Far North Coast region – well done Bistro staff!

I'd also like to welcome our new Head Chef, Daniel Williams. Daniel is an award winning Chef who plans to introduce a mouth watering new menu taking advantage of some of our best local produce in mid September.

Over the last year we have made several improvements in our Bistro, including new crockery and cutlery, purchase of a Char Grill, and most recently replacement of our old (faulty) dishwasher.

In the Bar, we have increased our capacity by adding 2 new tills, one each in the Sports Bar and Auditorium. We have also remodeled the TAB area and moved to electronic wallsheets.

We have also introduced, and in some cases re-introduced, specials across both Bar & Bistro including drink specials of the month, weekly Bistro specials, and Sunday \$1 oysters.

We have also greatly expanded our drinks selection with an expansive list of craft beers, seltzers and spirit options.

One piece of unwelcome news throughout the year was that the Club was no longer able to sell on premise drinks for consumption on the lawn. We have been working tirelessly with Crown Lands, MidCoast Council, Liquor and Gaming and the local Licensing Sergeant to attempt to resolve this issue, however all efforts so far have proved fruitless. We have now escalated the issue to the NSW Government seeking their support and guidance.

In the meantime, patrons are able to purchase takeaway alcohol (in a sealed container) for consumption on the lawn.

Hoping to see many of you back at the Club soon, and stay safe everyone!

Diane Ellis
Secretary Manager

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

Treasurer's Report

What a year to be Treasurer!

The Club has posted its largest ever profit for the financial year ended 30 June 2021 of \$568,342.

Bar trading during this period increased by 34%, Catering trading increased by 36% and gaming revenue increased by almost 51%. This was driven in large part by lack of access to overseas and interstate travel due to Covid restrictions, which meant everyone holidayed in NSW last year.

Overall, our revenue increased by \$1.1 million or 33% on last year. Expenses also increased, but only by \$482,000. And on that note, I'd like to address the issue of JobKeeper payments which have been much in the news lately.

All money received from JobKeeper was paid directly to staff – none of these funds were retained by the Club, and gave the majority of our staff some financial security during this difficult period that they otherwise would not have had.

What this did mean, however, is that our cost of staffing was heavily subsidised by the Federal Government for 3 months (July to September), thus reducing the Club's operating costs during that time.

This, along with the major increase in the number of visitors once the Club reopened, allowed us to post a record profit for the year.

This puts the Club in a great position to start some much needed Club refurbishments as reported by Larry in his President's Report.

Nick Montague
Treasurer

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

DIRECTORS' REPORT

The directors present their report together with the financial report of Pacific Palms Recreation Club Ltd ("the Company") for the financial year ended 30 June 2021 and the auditor's report thereon.

Directors

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

Larry Schubert	President Vice President to 19 October 2019 Elected to the Board - October 1993 Life Member Electrician
Ted Lawson	Elected to the Board - February 1996 Past President Life Member Banking & Finance Retired 25 October 2020
Claire McClure	Vice President Elected to the Board - 29 October 2017 Business management & hospitality
Ken Reynolds	Elected to the Board - 28 October 2012 Past President Life Member Business owner
Nick Montague	Treasurer Vice President to 25 October 2020 Elected to the Board - April 2013 Business owner
Mark Workum	Elected to the Board - September 2013 Printing and hospitality
Saimaa Miller	Elected to the Board - 27 October 2019 Health & Wellbeing, Marketing Resigned 25 October 2020
Todd Herring	Elected to the Board - 25 October 2020 Business Owner
Mary-Jane Silver	Elected to the Board - 25 October 2020 Mediator

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

DIRECTORS' REPORT

Company Secretary

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

Life Members

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

Meetings of Directors

During the financial year 20 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Board of Directors Meetings		Special Director Meetings		
	Eligible to Attend	Attended	Eligible to attend	Attended	
Larry Schubert	12	10	8	6	
Ted Lawson	4	2	5	3	Retired 25/10/20
Claire McClure	12	8	7	4	
Ken Reynolds	12	11	6	6	
Nick Montague	12	11	8	8	
Mark Workum	12	11	7	7	
Saimaa Miller (2)	4	3	4	4	Retired 25/10/20
Mary-Jane Silver	8	8	3	3	Appointed 25/10/20
Todd Herring	8	6	3	3	Appointed 25/10/20

Description of Company

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

Description of Objectives

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

Specific objectives are:

Short-term

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

DIRECTORS' REPORT

Long-term

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

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

Strategy for Achieving Those Objectives

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

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

Measures of performance

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

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

DIRECTORS' REPORT

Principal Activities

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

During the 2020 – 2021 financial year, the Club undertook the following activities to achieve our objectives:

- Provided over \$12,000 in Community Grants to Pacific Palms Netball, Pacific Palms Soccer, Boomerang Beach Boardriders, Pacific Palms Public School and P&C, Wallis Spirit Dragons, Coomba Aquatic Club, Pacific Palms Community Centre, Palms Cricket Club, Pacific Palms Rural Fire Brigade and the Pacific Palms SLSC Nippers.
- Providing financial sponsorship to Pacific Palms SLSC and the Pacific Palms Arts Festival.
- Sponsored the Special Children's Christmas Party and Koori Kids.
- Provided cash and kind donations for a variety of local fundraisers.
- Match day prizes for Coomba Golf Club, Sandbar Golf Club and Sandbar Ladies Golf.

Operating Results

The result of the company was a profit of \$568,342 (2020: profit \$160,922).

Guarantee of Members

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the company. At 30 June 2021, the total amount that members of the company are liable to contribute if the company is wound up is \$7,886 (2020: \$7,068).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found following the directors' report.

Rounding of Amounts

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

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

Larry Schubert – President

Nick Montague – Treasurer

Dated this 15th day of September 2021

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

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

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2021 there have been:

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

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

Signed by:



Rhonda Futterleib
15th September 2021
22 Pulteney Street, Taree, NSW, 2430

Liability limited by a scheme approved under Professional Standards Legislation

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Revenue & other income	2	4,376,559	3,292,774
Cost of goods sold		(1,228,105)	(918,313)
Employee benefits expense		(1,566,840)	(1,245,666)
Depreciation and amortisation expense	10	(263,730)	(274,388)
Other expenses		(745,380)	(688,419)
Finance costs		(4,162)	(5,066)
Profit/(loss) before income tax		568,342	160,922
Income tax expense	5	-	-
Profit/(loss) for the year		568,342	160,922
Other Comprehensive income/ (loss)		-	-
Total Comprehensive income/ (loss) for the year		568,342	160,922

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Retained Earnings \$	Total \$
Balance at 30 June 2019	1,712,609	1,712,609
2020 Profit/(loss) for the year	160,922	160,922
Other Comprehensive income/ (loss) for the year	-	-
Balance at 30 June 2020	1,873,531	1,873,531
2021 Profit/(loss) for the year	568,342	568,342
Other Comprehensive income/ (loss) for the year	-	-
Balance at 30 June 2021	2,441,873	2,441,873

The accompanying notes form part of these financial statements.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	731,793	176,027
Trade and other receivables	8	74,019	170,029
Inventories	9	58,108	33,123
Financial assets	11	100,000	-
TOTAL CURRENT ASSETS		<u>963,920</u>	<u>379,179</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,085,515	2,163,449
TOTAL NON-CURRENT ASSETS		<u>2,085,515</u>	<u>2,163,449</u>
TOTAL ASSETS		<u>3,049,435</u>	<u>2,542,628</u>
CURRENT LIABILITIES			
Trade and other payables	12	234,519	214,481
Financial liabilities	13	96,584	226,753
Employee benefits	14	69,221	50,260
Income tax payable	5	-	-
Other liabilities	15	83,787	69,939
TOTAL CURRENT LIABILITIES		<u>484,111</u>	<u>561,433</u>
NON-CURRENT LIABILITIES			
Financial liabilities	13	96,351	95,649
Employee benefits	14	27,100	12,015
TOTAL NON-CURRENT LIABILITIES		<u>123,451</u>	<u>107,664</u>
TOTAL LIABILITIES		<u>607,562</u>	<u>669,097</u>
NET ASSETS		<u>2,441,873</u>	<u>1,873,531</u>
EQUITY			
Retained earnings		<u>2,441,873</u>	<u>1,873,531</u>
TOTAL EQUITY		<u>2,441,873</u>	<u>1,873,531</u>

The accompanying notes form part of these financial statements.

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & sponsors		4,795,863	3,589,577
Payments to suppliers and employees		(3,559,501)	(3,099,975)
Interest received		5,201	81
Interest paid		(4,162)	(5,066)
Net GST remitted to ATO		(263,915)	(151,651)
Income taxes paid		-	1,154
Net cash provided by (used in) operating activities	17	973,486	334,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		(100,000)	-
Purchase of property, plant and equipment		(188,253)	(458,144)
Net cash provided by (used in) investing activities		(288,253)	(458,144)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment) from/of borrowings		(129,467)	197,559
Net cash provided by (used in) financing activities		(129,467)	197,559
Net increase/(decrease) in cash held		555,766	73,535
Cash at beginning of financial year		176,027	102,492
Cash at end of financial year	7	731,793	176,027

The accompanying notes form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Unless otherwise stated, Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2021.

The financial statements were authorised for issue on 15th September 2021 by the directors of the company.

Accounting Policies

a. Principal Activity

The company operates as a licensed recreation club.

b. Income Tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. Inventories

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

d. Property, Plant and Equipment

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

Carrying amounts

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

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

Depreciation

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

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

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

Glossary

DV means the diminishing value method

PC means the prime cost (or straight line) method

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

e. Company Limited by Guarantee

The company is limited by a guarantee of members to contribute in the event of a winding up, a sum not exceeding \$2.00 per member. At 30 June 2021 there were 3943 (2020: 3,534) members so the total amount members of the company are liable to contribute if the company is wound up is \$7,886 compared to \$7,068 at 30 June 2020. As the company does not have share capital it cannot pay dividends.

f. Leases

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

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

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

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

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

g. Financial Instruments

Initial recognition and measurement

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

Classification and subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(ii) **Loans and receivables**

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

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

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

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

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

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

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

(v) ***Financial liabilities***

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

De-recognition

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

h. Impairment of Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Intangibles

Goodwill

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

Poker machine licences

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

j. Employee Benefits

Short-term employee benefits

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

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

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

Other long-term employee benefits

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

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

k. Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l. Revenue

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

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

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

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

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

m. Goods and Services Tax (GST)

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

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

n. Comparative Figures

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

o. Rounding of Amounts

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

Critical Accounting Estimates and Judgments

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

Key Estimates — Impairment

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

Key Judgments

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE & OTHER INCOME	2021	2020
	\$	\$
Revenue		
— bar & bistro operations	3,003,579	2,225,991
— poker machine receipts	891,627	579,740
— member activities	44,370	48,335
— Interest received – third parties	5,201	81
— government subsidies received	290,464	308,216
— other revenue	4,306	5,003
— services revenue-member subscriptions	30,231	30,335
— bus income	2,207	13,419
— rebates received	25,056	19,099
— Commissions	79,518	62,555
Total Revenue	<u>4,376,559</u>	<u>3,292,774</u>
Total	<u>4,376,559</u>	<u>3,292,774</u>

NOTE 3: FINANCE INCOME

Interest received	<u>5,201</u>	<u>81</u>
-------------------	--------------	-----------

NOTE 4: RESULT FOR THE YEAR

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

Expenses

Movement in employee leave entitlements	34,046	(172)
Director honorariums	10,000	10,000
Electricity	66,730	69,037
Repairs and maintenance	88,116	86,337
Insurance	78,427	68,999
Loss or sale property, plant & equipment	2,457	159

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 5: INCOME TAX		
Recognised in the Statement of Comprehensive Income:		
a. Income tax expense		
Profit/(loss) before tax	568,342	160,922
Income tax using corporate tax rate 26.0% (2020: 27.5%)	147,769	44,254
Increase in income tax expense due to:		
— non-deductible depreciation	4,911	5,170
— non-recognition of deferred tax	1,340	46,063
	154,020	95,487
Decrease in income tax expense due to:		
— Income attributable to members	(154,020)	(95,487)
Income tax expense/(benefit) on pre tax net profit	-	-
Income tax expense		
— Current income tax expense	-	-
— Deferred income tax expense	-	-
Total income tax expense in Statement of Comprehensive Income	-	-
b. Current tax payable		
Movements during the year		
— Balance at beginning of year	-	1,154
— Income tax (paid)/refunded	-	(1,154)
— Current year income tax expense	-	-
	-	-
c. Deferred tax assets		
The potential deferred tax asset arising from tax losses and other temporary differences has not been recognised as an asset because recovery of the tax losses is not probable.		
The potential deferred tax asset will only be obtained if:		
— the Company derives future assessable income of a nature and amount sufficient to enable the asset to be realised;		
— the Company continues to comply with the conditions of deductibility imposed by law; and		
— no changes in tax legislation adversely affect the Company in realising the asset.		
Tax losses carried forward	359,926	340,265

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: RELATED PARTY & KEY MANAGEMENT DISCLOSURE	2021	2020
	\$	\$
<i>Key management personnel compensation</i>		
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.		
Total key management personnel compensation	99,701	61,992
<i>Other related parties</i>		
Employees related to key management personnel	14,647	23,250
<i>Other related entities</i>		
Purchases from Bluey's Cellars	40,909	48,559
Bluey's Cellars is a related entity of director Nick Montague		
Accounting & Administration fees – Guiberelli Pty Ltd	52,800	63,632
Guiberelli Pty Ltd is a related entity of Secretary Manager Diane Ellis		
 NOTE 7: CASH & CASH EQUIVALENTS		
Cash on hand	119,254	60,269
Cash at bank	612,539	115,758
	731,793	176,027

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
CURRENT		
Accrued income	8,457	123,101
ATM clearing account	3,180	4,350
Prepayments	57,401	38,651
Eftpos clearing account	4,981	3,927
	<u>74,019</u>	<u>170,029</u>

PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

NOTE 9: INVENTORIES

CURRENT

At lower of cost and net realisable value

Finished goods	58,108	33,123
	<u>58,108</u>	<u>33,123</u>

NOTE 10: PROPERTY, PLANT & EQUIPMENT

LAND AND BUILDINGS

Freehold Land at cost (value \$900,000 at 1/07/2019)	<u>10,000</u>	<u>10,000</u>
Building works in progress	<u>15,012</u>	<u>8,220</u>
Buildings at cost	2,808,167	2,798,677
Accumulated depreciation	(1,348,354)	(1,265,197)
	<u>1,459,813</u>	<u>1,533,480</u>
Right to use assets	17,086	17,026
Accumulated amortisation	(10,252)	(3,106)
	<u>6,834</u>	<u>13,920</u>

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: PROPERTY, PLANT & EQUIPMENT (cont)

	2021 \$	2020 \$
Plant and equipment at cost	1,637,841	1,577,597
Accumulated depreciation	(1,191,888)	(1,145,595)
	<u>445,953</u>	<u>432,002</u>
Office equipment at cost	4,886	10,546
Accumulated depreciation	(2,939)	(4,459)
	<u>1,947</u>	<u>6,087</u>
Furniture and fittings at cost	56,809	56,809
Accumulated depreciation	(35,267)	(32,343)
	<u>21,542</u>	<u>24,466</u>
Catering plant and equipment at cost	216,891	224,822
Accumulated depreciation	(115,377)	(123,057)
	<u>101,514</u>	<u>101,765</u>
Motor Vehicles at cost	92,111	92,111
Accumulated depreciation	(69,211)	(58,602)
	<u>22,900</u>	<u>33,509</u>
Total Property Plant and Equipment	<u><u>2,085,515</u></u>	<u><u>2,163,449</u></u>

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

a. Movements in Carrying Amounts

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

	30 June 2020	Adds	Disposals Transfers	Depreciation	30 June 2021
	\$	\$	\$	\$	\$
Land	10,000	-	-	-	10,000
Building works in progress	8,220	6,792	-	-	15,012
Buildings	1,533,480	10,911	-	(84,578)	1,459,813
Right to use assets	13,920	-	(3,669)	(3,417)	6,834
Office equipment	6,087	-	(1,935)	(2,205)	1,947
Furniture and fittings	24,466	-	-	(2,924)	21,542
Motor Vehicles	33,509	-	-	(10,609)	22,900
Plant and equipment	432,002	150,638	(149)	(136,538)	445,953
Catering	101,765	23,580	(372)	(23,459)	101,514
Total excluding WIP	2,155,229	185,129	(6,125)	(263,730)	2,070,503
Total including WIP	2,163,449	191,921	(6,125)	(263,730)	2,085,515

Core Property

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

NOTE 11: FINANCIAL ASSETS

	2021 \$	2020 \$
CURRENT		
CBA Term Deposit	100,000	-
	100,000	-

The term deposit matures 27 April 2022. Interest rate applicable is 0.35%pa.

NOTE 12: TRADE AND OTHER PAYABLES

	2021	2020
CURRENT		
Trade creditors	76,429	53,806
Other creditors	14,067	23,864
Accrued expenses	139,101	121,957
GST liabilities	4,922	14,854
	234,519	214,481

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: FINANCIAL LIABILITIES	2021	2020
	\$	\$
CURRENT		
Lease liabilities – rentals	3,828	10,440
Lease liabilities - Poker machine	92,756	126,136
Commonwealth Bank loan	-	57,464
Insurance Loan	-	32,713
	96,584	226,753
NON-CURRENT		
Lease liabilities – rentals	3,006	3,480
Lease liabilities - Poker machine	93,345	92,169
	96,351	95,649
a. <u>Secured liabilities</u>		
Poker machine – type 4 finance	186,101	218,305
Bank loan	-	57,464
	186,101	275,769
b. The carrying amounts of fixed assets pledged as security for the above liabilities	2,085,515	2,163,449
c. The bank facility was secured by:		
- Registered equitable mortgage by Pacific Palms Recreation Club Ltd over the whole of the company's assets and undertakings.		
- First registered mortgage by Pacific Palms Recreation Club Ltd over the licensed club property situated at The Lakes Way, Pacific Palms, NSW.		
d. Other facilities		
Other facilities such as the Type 4 poker machine finance agreements are secured over the related assets.		

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: EMPLOYEE BENEFITS	2021	2020
	\$	\$
CURRENT		
Annual Leave	62,774	32,621
Long Service Leave	6,447	17,639
	<u>69,221</u>	<u>50,260</u>
NON CURRENT		
Long Service Leave	<u>27,100</u>	<u>12,015</u>

NOTE 15: OTHER LIABILITIES

Current

Subscriptions in advance	<u>83,787</u>	<u>69,939</u>
--------------------------	---------------	---------------

NOTE 16: CAPITAL COMMITMENTS

Capital Expenditure Commitments

The directors have estimated costs involved with the purchase of new capital equipment at 30 June 2021 to be \$65,695.

NOTE 17: CASH FLOW INFORMATION

a. Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax	2021	2020
	\$	\$
Profit/(loss) after income tax	568,342	160,922
Non-cash flows in profit		
Depreciation	263,730	274,388
Net (gain)/loss on disposal of non current assets	2,457	159
Increase/(decrease) in taxes payable	-	1,154
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	114,760	(99,177)
(Increase)/decrease in prepayments	(18,750)	(5,571)
(Increase)/decrease in inventories	(24,985)	11,637
Increase/(decrease) in trade payables and accruals	20,038	(7,106)
Increase/(decrease) in subscriptions in advance	34,046	(2,115)
Increase/(decrease) in provisions	13,848	(171)
Cash flow from operations	<u>973,486</u>	<u>334,120</u>

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: CASH FLOW INFORMATION CON'T

b. Credit Standby Arrangements with Banks

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

c. Loan Facilities

Loan facilities	-	85,000
Amount utilised	-	(57,464)
	-	27,536

The major facilities are summarised as follows:

Better Business Variable Rate Loan (4.72% @ 30 June 2021	-	85,000
Overdraft – variable rate	100,000	100,000
	100,000	185,000

NOTE 18: EVENTS AFTER THE REPORTING DATE

From 14 August 2021 to 11 September 2021 the Club was shutdown due to NSW COVID 19 Public Health Orders. This has impacted all aspects of Club operations. At the date of this report directors do not know how this will impact the result for 2022.

No matter or circumstance has arisen since 30 June 2021 which has or will significantly affect

- i The operations of the company
- ii The results of those operations
- iii The state of affairs of the company in financial years subsequent to 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 19: FINANCIAL RISK MANAGEMENT

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

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

Financial Risk Management Policies

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

Credit risk

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

Price risk

The company is not materially exposed to price risk.

Financial Instrument Composition & Maturity Analysis

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

	Note	2021 \$	2020 \$
Financial Assets Comprise:			
Cash and cash equivalents	7	731,793	176,027
Trade and other receivables	8	74,019	170,029
Financial Assets	11	100,000	-
Total Financial Assets		905,812	346,056
 Financial Liabilities Comprise:			
Trade and other payables	12	234,519	214,481
Financial liabilities – current	13	96,584	226,753
Financial liabilities – non current	13	96,531	95,649
Total Financial Liabilities		427,634	536,883

Net Fair Values

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
NOTE 20: CONTINGENT LIABILITIES			
Security deposit guarantee - TAB		5,000	5,000

NOTE 21: ECONOMIC DEPENDENCY

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

NOTE 22: COMPANY DETAILS

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

3957 The Lakes Way
Pacific Palms NSW 2428

NOTE 23: CORE PROPERTY

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

PACIFIC PALMS RECREATION CLUB LTD
ABN 47 000 910 378

DIRECTORS' DECLARATION

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

- I. The financial statements, comprising the:
 - Statement of Profit or Loss and Comprehensive Income,
 - Statement of Financial Position as at 30 June 2021,
 - Statement of Changes in Equity
 - Statement of Cash Flows for the year then ended, and
 - Notes to the Financial Statementsare in accordance with the *Corporations Act 2001*, comply with Australian Accounting Standards – Reduced Disclosure Requirements, and give a true and fair view of the financial position of the company, as at 30 June 2021 and of its performance for the year ended on that date;
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

.....
Larry Schubert - President

.....
Nick Montague – Treasurer

Dated this 15th day of September 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Palms Recreation Club Ltd. (the Company), which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, and the Directors' Declaration.

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, 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.

Liability limited by a scheme approved under Professional Standards Legislation

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation

Pacific Palms Recreation Club Limited
ABN 47 000 910 378

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

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

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

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

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

Signed by:



Rhonda Futterleib
Address: 22 Pulteney Street, Taree, NSW, 2430
Dated this 16th day of September 2021

Liability limited by a scheme approved under Professional Standards Legislation