



**MOSMAN CLUB**  
ESTABLISHED 1975

*Sports Bar*  
MOSMAN

THE  
**FERNERY**  
MOSMAN

# ANNUAL REPORT 2022



**MOSMAN CLUB**

ESTABLISHED 1975

*Sports Bar*  
**MOSMAN**



**MOSMAN RETURNED SERVICEMEN'S CLUB LTD**

**ABN 15 000 613 785**

**(A COMPANY LIMITED BY GUARANTEE)**

**2022 ANNUAL REPORT  
AND FINANCIAL  
STATEMENTS**

## THE COMMUNITY



Supporting the community remains at the forefront of our consciousness, and in 2022 we were delighted to be able to support to the tune of \$55,391 in cash and in-kind donations to the local community and charities through ClubGrants.

This year the Club supported the following organisations:

Mosman Netball Club	Lions Club Mosman	Mosman RSL Sub-branch	The Shepherd Centre	Uniting NSW	Learning Links
St Vincent De Paul Society	The Raise Foundation	Road Safety Education Ltd	Mosman High in school mentoring	The Northern Nursery School	Mosman Cricket Club
Middle Harbour Primary	Wounded Heroes	Mosman View Club	SCECGS Redlands	1 <sup>st</sup> Balmoral Sea Scout Group	The Humour Foundation

If you represent or are involved in a local community group or charity who may require funding assistance, please contact the Club, we would love to hear from you.

## **FROM THE PRESIDENT**



On behalf of the Board of Directors it is a pleasure to submit to my fellow members the 2022 Annual Report and Financial Statements. After two years of lockdowns and uncertainty it was pleasing to have some resumption of normalcy, although not without disruption.

The year began with the Omicron strain interrupting society, and clearly Covid continues to cause illness to this day. Rising interest rates and inflation have also put the squeeze on many people, influencing their social behaviours. We also had to navigate extreme weather events and invest heavily in leak rectification works and other matters to keep the ageing building in safe and working order.

With this in mind I am pleased with the financial result, recording an EBITDA of \$956,508. Gerard discusses the trading results further in his report.

At the time of publication, we look forward to commemorating Anzac Day with the Georges Heights dawn service. It is a wonderful commemorative service managed by our Mosman Sub-Branch colleagues, and I encourage our members and the greater Mosman Community to attend the moving service. I invite attendees of the dawn service back to the Club on Anzac Day to enjoy a light breakfast and perhaps a breakfast rum! The Club opens at 7am.

I thank you, our members, for your continued support of the Club. We still face challenges in the form of inflation and interest rate increases, as well as recruitment of experienced staff. I thank you for your loyalty and patronage.

I acknowledge the commitment and professionalism of our CEO and senior management team in guiding the Club through unprecedented challenges over the past few years. I also extend warm praise to our wonderful team of staff for their hard work, humour, friendliness, and professionalism. To my fellow directors I thank you for your ongoing commitment, friendship, and support.

Sadly, we have lost some loved ones and close friends this past year, and on 14 December 2022 the Club lost one of our Life Members, long time Treasurer and Director Keith Ives. Keith joined the Club in 1989 and served on the Board between 1995 and 2007. We send our love to Tanya and their family. To all our members and their loved ones who have suffered bereavement this past year, you remain in our thoughts.

**Jim Malloch MAICD  
President**



## FROM THE CEO



It is with great joy I present to you a report where the focus isn't on navigating lockdowns! Although we continue to face external pressures in the form of inflation, interest rate rises, torrential rain and whims of government, the Club enjoyed another excellent year of trade.

I thank our members and visitors for your ongoing support, loyalty, and good humour as we rebounded from adversity. I look forward to further implementation of the vision that our latest strategic plan established.

Last year I reported that we had retained over 90% of staff despite the lockdowns, which was a rarity for the hospitality industry. As the wider industry reopened and staff completed tertiary studies, 2022 saw a comparatively high turnover of

staff, including new caterers. I welcome George, Jacob and the team and encourage you to dine in either The Fernery or the Sports Bar where both menus have received excellent feedback. I welcome our new front of house team members and commend their integration into our service excellence culture of providing the best social experience in Mosman.

I thank our whole employee team, who continue to prove me right when I opine that they are the best in the industry. They work tirelessly with a friendliness that is infectious. I say it every year – I'm very proud of our team.

I again especially thank my fellow management team who help make my job so enjoyable and keep me sane! Your professionalism and commitment to the Club and your loyalty is acknowledged and greatly appreciated.

I thank the Board for their passion and continued support. Culture flows from the top and the exceptional organisational culture is a credit to the Board. I also say this every year – I appreciate how lucky I am to have such a wonderful Board in this industry.

From a trading position the Club enjoyed excellent results. The Statement of Profit or Loss shows an operating profit of \$956,508, delivering a solid EBITDA margin of 18%. Non-operating movements deliver an overall comprehensive profit of \$224,213.

We continue to invest in the property and plant and equipment, including energy

efficient and waste minimisation technology. There are plans to continue to upgrade and improve members amenities, and these will become apparent over the next year or two.

The 2023 Annual General Meeting will be held in the Club's Auditorium on Wednesday 24 May 2023 at 6:30pm. Only financial members will be admitted and be eligible to vote if an election is required. Light refreshments will be provided following the meeting.

**Gerard Boyle MAICD, ACCM**  
**Chief Executive Officer**



# **Mosman Returned Servicemen's Club Limited**

**ABN: 15 000 613 785**

## **Financial Statements**

**For the Year Ended 31 December 2022**



# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

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# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Directors' Report For the Year Ended 31 December 2022

The directors present their report on Mosman Returned Servicemen's Club Limited for the financial year ended 31 December 2022.

### Directors

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

#### Names

James Anthony Malloch  
Andrew Bernard Clancy  
Robert Armand Maul  
Roy David Bendall  
Ian Cameron Chisholm  
Malcolm John Munday  
Jacqueline Erika Willoughby

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

### Company secretary

The following person held the position of Club secretary at the end of the financial year:

Gerard Boyle MAICD, ACCM

Gerard Boyle is a Member of the Australian Institute of Company Directors (MAICD), the Club Directors Institute and the Club Managers Association Australia where he is an Active Certified Club Manager. Gerard has over 25 years' management experience in the Club Industry and holds a Master of Business Administration, along with numerous industry related qualifications. Gerard completed the Club Secretary Manager's Course on 23 March 2010, the ClubsNSW Governance Program for Club Directors on 25 September 2015 and the AICD Company Directors Course on 29 March 2019. Gerard has been Chief Executive Officer and Company Secretary since 6 July 2015 and continued to hold those positions at the end of the reporting period.

### Strategic objectives

The Club's strategic objectives are:

- Leadership and Culture – we are leading and delivering within our community by developing an exceptional customer service culture and focusing on core competencies and innovation, so our key stakeholders are engaged with our vision to be the happiest community destination for everyone.
- Community – we are recognised as an outstanding contributor and are integral to our community.
- People – Our people are delivering our vision through ownership of our culture driven by professional development.
- Operations – our areas of operation are driven by innovation to provide leading competitive edge and unique customer experience by aligning our offering to our market needs and diversifying to minimise the gaming concentration risk of our business. We are effectively utilising technology within our available resources to add value to our business.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Directors' Report For the Year Ended 31 December 2022

### Strategic objectives (cont'd)

- Financial management – is transparent, precise, measurable and timely to ensure the Club will remain profitable, and secure its long term viability to continue its primary objectives as enumerated in the Club's Constitution. Our assets are generating an appropriate commercial rate of return.
- Governance – our governance exceeds industry best practice by continually reviewing our strategic plan and aligned annual business plan. We also ensure mandatory and voluntary industry training is undertaken by our Directors and management so our Board is fully conversant with the financial and compliance related obligations under the legislation, and we have an effective succession plan in place.

### Principal activities

The principal activity of the Club during the financial year were those of a licensed Club, providing:

- Social facilities; and
- Food, beverage, entertainment, event and gaming facilities.

No significant changes in the nature of the Club's activity occurred during the financial year.

### Members' guarantee

Mosman Returned Servicemen's Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the club, the constitution states that each members and any person or association who ceased to be a member in the year prior to the winding up is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the Club.

At 31 December 2022 the collective liability of members was \$14,086 (2021: \$16,446).

### Information on directors

James Anthony Malloch

Qualifications

Experience

President

Retired Stock Market Analyst, MAICD

10 years

Jim Malloch is a Member of the Australian Institute of Company Directors and the Club Directors Institute. Jim completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 1 July 2015 and completed the AICD Company Directors Course on 29 March 2019. Jim is a retired Stock Market Analyst with the ASX and has served as President of the Club since 2013.

Andrew Bernard Clancy

Qualifications

Experience

Vice President

Hospitality Manager

11 years

Andrew Clancy is a member of the Club Directors Institute and completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 27 June 2018. Andrew is a Hospitality Manager and has served as Vice President of the Club since 2012.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Directors' Report For the Year Ended 31 December 2022

### Information on directors (cont'd)

Robert Armand Maul	Treasurer
Qualifications	Company Secretary/ Director, LFAIES, JP
Experience	15 years Bob Maul is a member of the Club Directors Institute and completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 10 March 2013. Bob has served in the Emergency Services and Police Force, as well as acting as a Director on several Boards over 50 years. Bob is a Life Member of the Club and he continues to serve on several for-purpose boards including Treasurer of the club since 2008.
Roy David Bendall	Director
Qualifications	Lawyer, Councillor, GAICD
Experience	10 years Roy Bendall is a Graduate Member of the Australian Institute of Company Directors (GAICD) and the Club Directors Institute. Roy completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 19 February 2014 and completed the AICD Company Directors Course on 29 March 2019. Roy is a Lawyer and Mosman Councillor, with expertise in international finance and project management, trade and maritime issues. Roy serves on several Boards as a Director, both in the for-profit and for-purpose sectors and has served as a Director of the Club since 2013.
Ian Cameron Chisholm	Director
Qualifications	Taronga Zoo Manager (retired)
Experience	6 years Ian Chisholm is a member of the Club Directors Institute and completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 14 October 2017. Ian is a retired Manager of Taronga Zoo, a Life Member of the Club and has served as a Director since 2017.
Malcolm John Munday	Director
Qualifications	Company Director, JP
Experience	8 years Malcolm Munday is a member of the Club Directors Institute and completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 20 July 2015. Malcolm is a retired Sheriff's Officer in the Attorney General's Department and has served as a Director since 2015.
Jacqueline Erika Willoughby	Director
Qualifications	Company Director
Experience	2 years Jacqui is a member of the Club Directors Institute and completed the mandatory training requirement for the ClubsNSW Governance Program for Club Directors on 30 March 2021. Jacqui is a former registered nurse, currently involved in allied health and community services, and is a former Mosman Councillor. Jacqui serves on several for-purpose committees and Boards.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Directors' Report For the Year Ended 31 December 2022

### Information on directors (cont'd)

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

### Future developments and results

Likely developments in the operations of the Club and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Club.

### Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
James Anthony Malloch	12
Andrew Bernard Clancy	10
Robert Armand Maul	11
Roy David Bendall	10
Ian Cameron Chisholm	10
Malcolm John Munday	11
Jacqueline Erika Willoughby	11

**Mosman Returned Servicemen's Club Limited**

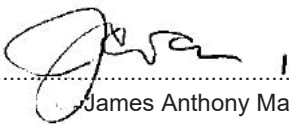
ABN: 15 000 613 785

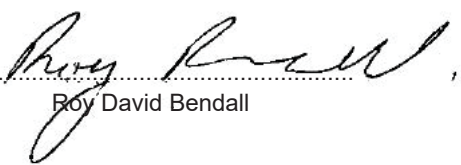
**Directors' Report  
For the Year Ended 31 December 2022**

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2022 has been received and can be found on page 6 of the financial report.

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

Director:  .....  
James Anthony Malloch

Director:  .....  
Roy David Bendall

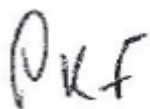
Dated 12 April 2023

Mosman Returned Servicemen's Club Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

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



PKF



KYM REILLY  
PARTNER

12 APRIL 2023  
SYDNEY, NSW

## Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

		2022	2021
	Note	\$	\$
Revenue	4	5,416,783	4,599,107
Finance income	5	255	27
Other income	4	168,337	313,499
Cost of sales		(666,165)	(627,084)
Advertising, promotions and prizes		(231,948)	(171,673)
Consulting and professional fees		(204,114)	(147,617)
Cleaning		(194,773)	(130,852)
Security		(65,576)	(64,354)
Employee benefits expense		(1,951,428)	(1,538,404)
Entertainment		(36,471)	(28,290)
Insurance		(103,865)	(84,913)
Poker machine duty		(493,899)	(325,896)
Rates and utilities		(190,242)	(175,047)
Repairs and maintenance		(176,127)	(210,414)
Other operating expenses		(314,259)	(313,022)
<b>Profit before income tax, interest, depreciation and community development</b>		<b>956,508</b>	1,095,067
Interest expense	5	(174,677)	(147,120)
Depreciation		(656,956)	(692,829)
Fixed asset write offs		(17,688)	(44,046)
Community development and support expenditure		(55,391)	(31,165)
<b>Profit before income tax</b>		<b>51,796</b>	179,907
Income tax benefit	6	(6,772)	10,647
<b>Profit from continuing operations</b>		<b>45,024</b>	190,554
<b>Other comprehensive income</b>			
Effect of changes in tax rate on prior revaluations		179,189	(105,710)
<b>Other comprehensive income for the year</b>		<b>179,189</b>	(105,710)
<b>Total comprehensive profit for the year</b>		<b>224,213</b>	84,844

The accompanying notes form part of these financial statements.



# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Statement of Financial Position

As At 31 December 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	689,537	844,188
Trade and other receivables	8	6,576	41,630
Inventories	9	78,279	51,446
Other assets	10	154,269	23,027
<b>TOTAL CURRENT ASSETS</b>		<b>928,661</b>	<b>960,291</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	15,606,176	15,478,634
Deferred tax assets	12	22,495	-
Right-of-use assets	16	113,804	182,918
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,742,475</b>	<b>15,661,552</b>
<b>TOTAL ASSETS</b>		<b>16,671,136</b>	<b>16,621,843</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	522,780	573,122
Contract liabilities	14	83,591	181,804
Borrowings	15	-	3,950,000
Employee benefits	17	194,325	161,921
Lease liabilities	16	347,020	228,025
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,147,716</b>	<b>5,094,872</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	3,908,527	-
Deferred tax liabilities	12	-	149,922
Lease liabilities	16	338,231	324,600
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,246,758</b>	<b>474,522</b>
<b>TOTAL LIABILITIES</b>		<b>5,394,474</b>	<b>5,569,394</b>
<b>NET ASSETS</b>		<b>11,276,662</b>	<b>11,052,449</b>
<b>EQUITY</b>			
Reserves	19	7,925,461	7,746,272
Retained earnings		3,351,201	3,306,177
<b>TOTAL EQUITY</b>		<b>11,276,662</b>	<b>11,052,449</b>

The accompanying notes form part of these financial statements.

## Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

### Statement of Changes in Equity For the Year Ended 31 December 2022

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
<b>Balance at 1 January 2022</b>	<b>3,306,177</b>	<b>7,746,272</b>	<b>11,052,449</b>
Operating profit for the year	45,024	-	45,024
Effect of changes in tax rate on prior revaluations	-	179,189	179,189
<b>Balance at 31 December 2022</b>	<b>3,351,201</b>	<b>7,925,461</b>	<b>11,276,662</b>
<b>Balance at 1 January 2021</b>	3,115,623	7,851,982	10,967,605
Operating profit for the year	190,554	-	190,554
Effect of changes in tax rate on prior revaluations	-	(105,710)	(105,710)
<b>Balance at 31 December 2021</b>	<b>3,306,177</b>	<b>7,746,272</b>	<b>11,052,449</b>

The accompanying notes form part of these financial statements.

## Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

### Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members and customers	6,074,438	5,298,813
Payments to suppliers and employees	(5,399,081)	(4,448,268)
Finance costs	(176,684)	(147,120)
Government grants	-	154,134
Net cash provided by operating activities	<u>498,673</u>	<u>857,559</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(746,484)	(417,126)
Net cash used in investing activities	<u>(746,484)</u>	<u>(417,126)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of finance lease liabilities	(71,760)	(71,760)
Net proceeds/(repayment) of financial liabilities	164,920	(116,630)
Net cash provided by/(used in) financing activities	<u>93,160</u>	<u>(188,390)</u>
Net (decrease)/increase in cash and cash equivalents held	(154,651)	252,043
Cash and cash equivalents at beginning of year	<u>844,188</u>	592,145
Cash and cash equivalents at end of financial year	7 <u><u>689,537</u></u>	<u><u>844,188</u></u>

The accompanying notes form part of these financial statements.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

The financial report covers Mosman Returned Servicemen's Club Limited as an individual entity. Mosman Returned Servicemen's Club Limited is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Mosman Returned Servicemen's Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 12 April 2023.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Club expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

- 1). Identify the contract with the customer
- 2). Identify the performance obligations
- 3). Determine the transaction price
- 4). Allocate the transaction price to the performance obligations
- 5). Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Club have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

##### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Club are:

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (a) Revenue and other income (cont'd)

##### Specific revenue streams (cont'd)

##### Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time where the performance obligations have been met and transfer of control have been completed. Revenue is recognised net of any discounts given to members/patrons.

##### Provision of services

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

Revenue from the provision of membership subscriptions and events is recognised on a straight-line basis over the financial year. Where payments are received in advance, these are recorded as contract liabilities.

Gaming machine revenue is recognised on an accrual basis calculated as net of gaming machine collections and payout's, less any costs associated with future jackpot contributions.

##### Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobSaver Payment Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

##### Interest revenue

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

#### (b) Going concern

Notwithstanding the Club's net current liability position of \$219,055 at 31 December 2022, the Director's believe the going concern basis of preparation remains appropriate and have prepared the financial statement on this basis.

The Club's ability to continue its normal operations into the foreseeable future is dependent on:

- Forecast revenue targets and cash flow generation being achieved; and
- Successful refinance of loan facilities in place.

If the Club is not successful in achieving the above, the going concern basis may not be appropriate. With the result that the Club may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business, with amounts realised being different from those disclosed in the financial report.

No allowance for such circumstance have been made in the financial report.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (c) Property, plant and equipment

Casses of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least 3-5 years, valuations by external independent valuer's, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit and loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on either a straight-line basis or diminishing value basis over the asset's useful life to the Club commencing from the time the asset is held ready for use. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2% - 2.5%
Building improvements	2.5% - 10%
Plant and Equipment	7.5% - 40%
Leased plant and equipment	5% - 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (d) Income tax

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rebates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

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

#### (e) Financial instruments

Financial instruments are recognised initially on the date that the Club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Club classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (e) Financial instruments (cont'd)

##### Financial assets (cont'd)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment and including forward looking information.

The Club uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Club uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Club in full, without recourse to the Club to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Club has determined the probability of non-payment of the receivable contract assets and multiplied this by the amount of the expected loss arising from default.



# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (e) Financial instruments (cont'd)

##### Financial assets (cont'd)

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Club renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Club measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Club comprise trade payables, bank and other loans and lease liabilities.

#### (f) Impairment of non-financial assets

At the end of each reporting period the Club determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (h) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

#### (i) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (j) Leases

At inception of a contract, the Club assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Club has the right to obtain substantially all of the economic benefits from the use of the asset through the period of use.
- The Club has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

#### Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (j) Leases (cont'd)

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Exceptions to lease accounting*

The Club has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (k) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### (l) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2 Summary of Significant Accounting Policies (cont'd)

#### (m) New accounting standards and interpretations adopted in the current period

The Club has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These standards and Interpretations did not have any material impact on these financial statements. The following Accounting Standards and Interpretations are most relevant to the Club.

##### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Club has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Club's financial statements.

##### *AASB 1060 General Purpose Financial Statements - Simplified Disclosures For-Profit and Not-For-Profit Tier 2 Entities.*

The Club has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements for IFRS for SME's. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - fair value of land and buildings**

The Club carries its land and buildings at fair value with changes in the fair value recognised in the revaluation reserve. Independent valuations are obtained at least 3-5 years and at the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market. An independent external valuation had been completed during the previous year to 31 December 2020. Directors have made an assessment at year end and have concluded the valuation from prior year is still appropriate.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 4 Revenue and Other Income

#### Revenue from continuing operations

	2022	2021
	\$	\$
Operating activities		
- Gaming revenue	3,130,070	2,465,700
- Sale of goods - beverages and functions	1,993,745	1,848,948
- Sale of goods - other income	292,968	284,459
	<u>5,416,783</u>	<u>4,599,107</u>

#### Other revenue

- Rental income	168,337	159,365
- Government grants	-	154,134
	<u>168,337</u>	<u>313,499</u>

#### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated and the following table shows this breakdown:

#### Timing of revenue recognition

- At a point in time	5,345,724	4,673,482
- Over time	239,396	239,124
	<u>5,585,120</u>	<u>4,912,606</u>

### 5 Finance Income and Expenses

#### Finance income

Interest income		
- Assets measured at amortised cost	255	27

#### Finance expenses

Interest expense	154,582	125,055
Interest expense on lease liability	2,726	4,089
Other finance expenses	17,369	17,976
<b>Total finance expenses</b>	<u>174,677</u>	<u>147,120</u>

## Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 6 Income Tax Expense

(a) The major components of tax expense/(income) comprise:

	2022	2021
	\$	\$
Deferred tax expense/ (income)	<u>6,772</u>	<u>(10,647)</u>
 (b) Reconciliation of income tax to accounting profit:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	12,949	47,580
Add/(less):		
Tax effect of:		
- Net income and expenditure items relating to member activity	(6,867)	(15,185)
- Change in income tax rate	(5,757)	(2,992)
- Non-assessable government incentives	-	(40,075)
- Other items	6,447	25
Income tax expense /(income)	<u>6,772</u>	<u>(10,647)</u>

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, Clubs are only liable for income derived from non-members and from outside entities. In view of these special circumstances, it is not appropriate to compare income tax payable with the net profit disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

#### 7 Cash and Cash Equivalents

Cash on hand	195,000	195,000
Bank balances	<u>494,537</u>	<u>649,188</u>
	<u>689,537</u>	<u>844,188</u>

#### 8 Trade and Other Receivables

CURRENT		
Trade receivables	<u>6,576</u>	<u>41,630</u>

#### 9 Inventories

CURRENT		
Inventories at cost	<u>78,279</u>	<u>51,446</u>

#### 10 Other Assets

CURRENT		
Prepayments	<u>154,269</u>	<u>23,027</u>

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11 Property, Plant and Equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>8,500,000</u>	8,500,000
Buildings		
At valuation	6,727,864	6,681,837
Accumulated depreciation	<u>(1,461,311)</u>	(1,286,012)
	<u>5,266,553</u>	5,395,825
Total land and buildings	<u>13,766,553</u>	13,895,825
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	3,601,932	3,275,290
Accumulated depreciation	<u>(2,035,491)</u>	(1,816,489)
	<u>1,566,441</u>	1,458,801
Leased plant and equipment		
Under lease	362,784	466,466
Accumulated depreciation	<u>(89,602)</u>	(342,458)
	<u>273,182</u>	124,008
Total plant and equipment	<u>1,839,623</u>	1,582,809
<b>Total property, plant and equipment</b>	<u><b>15,606,176</b></u>	<u>15,478,634</u>

Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act"), the Board has approved the classification of the following property as core or non-core as defined by the Act.

Core property: Specified as the land and buildings situated at 719 Military Road, Mosman. They are classified as land and buildings in the balance sheet.

Non-core property: The Club does not hold non-core property.

# Mosman Returned Servicemen's Club Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11 Property, Plant and Equipment (cont'd)

#### (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 current financial year:

	Land \$	Buildings \$	Plant and Equipment \$	Leased plant and equipment \$	Total \$
<b>Year ended 31 December 2022</b>					
Balance at the beginning of year	8,500,000	5,395,825	1,458,801	124,008	15,478,634
Additions	-	46,027	526,957	173,500	746,484
Disposals	-	-	(31,099)	-	(31,099)
Depreciation expense	-	(175,299)	(388,218)	(24,326)	(587,843)
<b>Balance at the end of the year</b>	<b>8,500,000</b>	<b>5,266,553</b>	<b>1,566,441</b>	<b>273,182</b>	<b>15,606,176</b>

### 12 Tax Assets and Liabilities

	Opening Balance \$	Charged to Income \$	Charged directly to Equity \$	Closing Balance \$
Deferred tax assets attributable to tax losses	(478,477)	(5,462)	-	(483,939)
Prepayments	1,754	7,665	-	9,419
Accruals	(7,349)	6,096	-	(1,253)
Provisions	(13,307)	(1,527)	-	(14,834)
Property, plant and equipment	647,301	-	(179,189)	468,112
<b>Balance at 31 December 2022</b>	<b>149,922</b>	<b>6,772</b>	<b>(179,189)</b>	<b>(22,495)</b>

### 13 Trade and Other Payables

	2022 \$	2021 \$
CURRENT		
Trade payables	324,764	244,022
Other creditors and accruals	198,016	329,100
	<b>522,780</b>	<b>573,122</b>



# Mosman Returned Servicemen's Club Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14 Contract liabilities

	2022	2021
	\$	\$
CURRENT		
Membership in advance	38,991	43,012
Event income in advance	44,600	138,792
	<u>83,591</u>	<u>181,804</u>

These amounts are expected to be recorded as revenue in the next reporting period.

### 15 Borrowings

CURRENT		
Secured liabilities:		
Bank loans	-	3,950,000
NON-CURRENT		
Secured liabilities:		
Bank loans	3,908,527	-

### Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans. The Club was granted an extension of their loan to May 2025 and is why the balance is recognised as a non-current liability in the current year.

The loan facility from the Commonwealth Bank of Australia is also secured over 719 - 729 Military Road Mosman, NSW along with a registered equitable mortgage over whole of its assets and undertakings including uncalled capital.

### 16 Leases

#### Club as a lessee

The Club has leases over a range of plant and equipment assets.

#### Right-of-use assets

	Plant and Equipment	Total
	\$	\$
<b>Year ended 31 December 2022</b>		
Balance at beginning of year	182,918	182,918
Depreciation charge	(69,114)	(69,114)
<b>Balance at end of year</b>	<u>113,804</u>	<u>113,804</u>

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16 Leases (cont'd)

#### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$
<b>2022</b>				
Lease liabilities (AASB 16)	68,460	82,960	-	151,420
Lease liabilities (finance lease obligation)	278,560	255,271	-	533,831
	<b>347,020</b>	<b>338,231</b>	-	<b>685,251</b>

### 17 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Provision for long service leave	36,894	25,311
Provision for annual leave	157,431	136,610
	<b>194,325</b>	<b>161,921</b>

#### Provision for Long-Term Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 18 Financial Risk Management

	2022	2021
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	689,537	844,188
Trade and other receivables	6,576	41,630
Other assets	154,269	23,027
<b>Total financial assets</b>	<b>850,382</b>	<b>908,845</b>
<b>Financial liabilities</b>		
Held at amortised cost		
Trade and other payables	522,780	561,122
Lease liabilities	685,251	552,625
Borrowings	3,908,527	3,950,000
<b>Total financial liabilities</b>	<b>5,116,558</b>	<b>5,063,747</b>

### 19 Reserves

#### (a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

### 20 Contingent Liabilities

#### (a) Mortality Scheme

The Club operates a Mortality Scheme which provides a mortality payment of \$200 on behalf of certain members. The current class of membership entitled to make such applications under the scheme is all members registered prior to 28 August 1965.

The total number of eligible members as at 31 December 2022 was 1 (2021: 1). The estimated maximum liability as at 31 December 2022 is \$200 (2021: \$200).

#### (b) Security deposit

The Club has a security deposit of \$5,000 (2021: \$5,000) held with the Commonwealth Bank of Australia with respect to their TAB Limited account.

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 21 Related Parties

(a) **The Club's main related parties are as follows:**

Key management personnel - refer to Note 23.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) **Transactions with related parties**

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

### 22 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstanding obligations of the Club. At 31 December 2022 the number of members was 7,043 (2021: 8,223).

### 23 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Club is \$ 364,812 (2021: \$ 358,366).

### 24 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor PKF, for:		
- auditing or reviewing the financial statements	29,100	29,600
- other services	3,500	-
	<u>32,600</u>	<u>29,600</u>

### 25 Events After the End of the Reporting Period

The financial report was authorised for issue on 12 April 2023 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

## **Mosman Returned Servicemen's Club Limited**

ABN: 15 000 613 785

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

#### **26 Statutory Information**

The registered office of the company is:

BDO

Level 11, 1 Margaret Street

Sydney NSW 2000

The principal place of business is:

Mosman Returned Servicemen's Club Limited

719-729 Military Road

Mosman NSW 2088

# Mosman Returned Servicemen's Club Limited

ABN: 15 000 613 785

## Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 7 to 28, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
  - b. give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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

Director .....  
James Anthony Malloch

Director .....  
Roy David Bendall

Dated 12 April 2023

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MOSMAN RETURNED SERVICEMEN'S CLUB LIMITED

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mosman Returned Servicemen's Club Limited (the Club), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other 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 Mosman Returned Servicemen's Club Limited, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the Club's financial position as at 31 December 2022, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards – Simplified Disclosure Requirements and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 Club, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

## Other Information (cont'd)

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

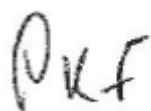


## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Club'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 Club 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 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, action taken to eliminate threats or safeguards applied.



PKF



KYM REILLY  
PARTNER

12 APRIL 2023  
SYDNEY, NSW