

# ANNUAL REPORT

2022 - 23



# **Hills District Memorial Club Limited**

**ABN 66 000 908 476**

**Annual Report - 30 June 2023**

**Hills District Memorial Club Limited**  
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**30 June 2023**

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**Hills District Memorial Club Limited**  
**Directors' report**  
**30 June 2023**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Julie Peebles (President)  
Kathryn Dickinson (Treasurer)  
Christophe Bodart (Company Secretary)  
Peter Shearing  
George Leoncino  
Kathryn Ballinger  
Jennyfer Sheerin  
Michael Vumbaca (appointed on 22 November 2022)  
Jarrah Timmouth (appointed on 22 November 2022)  
Dennis Stephenson (resigned on 21 March 2023)  
Brian Dodd (resigned on 22 November 2022)  
Heath Nolan (resigned on 22 November 2022)

**Principal activities**

The principal activity of the company during the financial year was the operation of a registered club. Operations comprised the running of a licensed club and the provision of member services. No significant changes in the nature of these activities occurred during the year.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Review of operations**

The surplus of the company for the financial year after providing for income tax amounted to \$258,200 (2022: \$55,597).

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts, or the fixed salary of a full-time employee of the company) by reason of a contract made by the company or a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

As part of the total insurance costs for the past financial year, the company paid the insurance premiums to insure all of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the club. Other than premiums paid under that policy no indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Contributions on winding up**

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 \$5.00 each towards meeting any outstanding obligations of the company. At 30 June 2023, the total amount that members of the company are liable to contribute if the company is wound up is \$18,385 there being 3,677 members (2022: \$19,690 with 3,938 members).

**Likely developments and expected returns of operations**

Likely developments in the operations of the company 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 company.



**Hills District Memorial Club Limited**  
**Directors' report**  
**30 June 2023**

**Information on directors**

Director	Years member	Years on Board
Julie Peebles	45	7
Kathryn Dickinson	15	7
Peter Shearing	37	17
George Leoncino	33	24
Kathryn Ballinger	16	3
Jennyfer Sheerin	22	3
Michael Vumbaca	20	9
Jarrah Tinmouth	9	3
Dennis Stephenson	16	9
Brian Dodd	22	20
Heath Nolan	22	5

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Julie Peebles	11	12
Kathryn Dickinson	8	12
Peter Shearing	11	12
George Leoncino	12	12
Kathryn Ballinger	9	12
Jennyfer Sheerin	10	12
Michael Vumbaca	5	7
Jarrah Tinmouth	7	7
Dennis Stephenson	5	9
Brian Dodd	4	5
Heath Nolan	3	5

Held: represents the number of meetings held during the time the director held office.

**Proceedings on behalf of the company**


No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration is set out immediately after this directors' report.

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

On behalf of the directors

  
 Julie Peebles  
 President

  
 Kathryn Dickinson  
 Treasurer

26 September 2023

**Your Business Group Pty Ltd**

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Your Business Group

**HILLS DISTRICT MEMORIAL CLUB LIMITED**

**ABN: 66 000 908 476**

**Auditor's independence declaration to the directors of Hills District Memorial Club Limited**

In accordance with the requirements of section 307C of the Corporations Act, as auditor of **Hills District Memorial Club Limited** for the financial year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**Your Business Group Pty Ltd**  
**Chartered Accountants**

**Vishnu Naidu**  
**Director**  
**Sydney**

26 September 2023



**Hills District Memorial Club Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	3,029,989	2,120,330
Other income	5	2,690	76,050
<b>Expenses</b>			
Changes in inventories		399	13,409
Inventory and consumables used		(583,587)	(417,179)
Employee benefits expense		(910,403)	(696,789)
Depreciation and amortisation expense	12	(244,630)	(277,073)
Marketing and advertising expenses		(17,796)	(9,944)
Directors' benefits		(8,135)	(3,669)
Other expenses		(979,366)	(731,505)
Finance costs	6	(23,248)	(25,887)
<b>Surplus before income tax (expense)/benefit</b>		265,913	47,743
Income tax (expense)/benefit	7	(7,713)	7,854
<b>Surplus after income tax (expense)/benefit for the year</b>		258,200	55,597
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		1,636,817	-
Other comprehensive income for the year, net of tax		1,636,817	-
<b>Total comprehensive income for the year</b>		<u>1,895,017</u>	<u>55,597</u>

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

**Hills District Memorial Club Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	787,700	670,974
Trade and other receivables	9	16,389	13,766
Inventories	10	62,961	62,562
Other assets	11	29,339	43,900
Income tax refund due	7	5,256	9,461
Total current assets		<u>901,645</u>	<u>800,663</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	8,129,505	5,890,238
Intangibles	13	217,460	217,460
Other assets	11	148,443	145,445
Total non-current assets		<u>8,495,408</u>	<u>6,253,143</u>
<b>Total assets</b>		<u>9,397,053</u>	<u>7,053,806</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	338,263	179,860
Borrowings	15	188,000	249,104
Employee benefits	16	87,333	71,539
Total current liabilities		<u>613,596</u>	<u>500,503</u>
<b>Non-current liabilities</b>			
Borrowings	15	52,000	262,469
Deferred tax	7	1,112,432	566,826
Total non-current liabilities		<u>1,164,432</u>	<u>829,295</u>
<b>Total liabilities</b>		<u>1,778,028</u>	<u>1,329,798</u>
<b>Net assets</b>		<u>7,619,025</u>	<u>5,724,008</u>
<b>Equity</b>			
Reserves	17	3,152,129	1,515,312
Retained surplus		<u>4,466,896</u>	<u>4,208,696</u>
<b>Total equity</b>		<u>7,619,025</u>	<u>5,724,008</u>

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



**Hills District Memorial Club Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

	<b>Reserves \$</b>	<b>Retained surplus \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	1,515,312	4,153,099	5,668,411
Surplus after income tax benefit for the year	-	55,597	55,597
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	55,597	55,597
Balance at 30 June 2022	<u>1,515,312</u>	<u>4,208,696</u>	<u>5,724,008</u>
	<b>Reserves \$</b>	<b>Retained surplus \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	1,515,312	4,208,696	5,724,008
Surplus after income tax expense for the year	-	258,200	258,200
Other comprehensive income for the year, net of tax	1,636,817	-	1,636,817
Total comprehensive income for the year	1,636,817	258,200	1,895,017
Balance at 30 June 2023	<u>3,152,129</u>	<u>4,466,896</u>	<u>7,619,025</u>

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

**Hills District Memorial Club Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		3,322,038	2,406,393
Payments to suppliers and employees (inclusive of GST)		(2,608,199)	(2,042,145)
Interest and other finance costs paid		(23,248)	(25,887)
Income taxes paid		(3,508)	(26,824)
Net cash from operating activities		<u>687,083</u>	<u>311,537</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(316,023)	(110,602)
Proceeds from disposal of property, plant and equipment		17,239	-
Net cash used in investing activities		<u>(298,784)</u>	<u>(110,602)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(271,573)	(254,205)
Net cash used in financing activities		<u>(271,573)</u>	<u>(254,205)</u>
Net increase/(decrease) in cash and cash equivalents		116,726	(53,270)
Cash and cash equivalents at the beginning of the financial year		<u>670,974</u>	<u>724,244</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>787,700</u></u>	<u><u>670,974</u></u>

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



**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 1. General information**

The financial statements cover Hills District Memorial Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Hills District Memorial Club Limited's functional and presentation currency.

Hills District Memorial Club Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Hills District Memorial Club Limited  
21-25 Arcadia Road  
Galston NSW 2159

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2023. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

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

**New or amended Accounting Standards and Interpretations adopted**

The company 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain classes of property, plant and equipment at fair value through other comprehensive income.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Revenue recognition**

The company recognises revenue as follows:

*Revenue from contracts with customers*

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

## **Note 2. Significant accounting policies (continued)**

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

### *Poker machine gaming revenue*

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game.

### *Food and beverage revenue*

Food and beverage revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied, which occurs at the point in time the goods are provided and payment is collected.

### *Interest*

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

### *Other revenue*

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

## **Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## **Income tax**

The company prepares its income tax return by reference to the application of the principle of mutuality to the revenue and expenses, and the relevant tax jurisdiction. The principle of mutuality is a common law principle arising from the premise that individuals cannot profit from themselves. Accordingly, membership receipts from members are deemed to be mutual income and not subject to income tax, and expenses in connection with mutual activities are therefore not deductible for taxation purposes. All other receipts and payments are classified in accordance with taxation legislation in the relevant tax jurisdiction.

## **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## **Cash and cash equivalents**

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

## Note 2. Significant accounting policies (continued)

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

### Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. 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. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Club house improvements	50 years
Plant and equipment	10 - 26 years
Furniture, fixtures and fittings	10 - 13 years
Poker machines	5 - 6.66 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

### Intangible assets

#### *Gaming and liquor licences*

Gaming and liquor licences acquired are accounted at cost and not amortised, on the basis of indefinite life, which is reassessed every year. Instead, licenses are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses. Management considers that the useful lives of gaming and liquor licences are indefinite because there is no foreseeable limit to the cash flows these assets can generate.

**Note 2. Significant accounting policies (continued)**

**Impairment of non-financial assets**

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

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

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Finance costs**

Finance costs are expensed in the period in which they are incurred.

**Employee benefits**

*Short-term employee benefits*

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

*Other long-term employee benefits*

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

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Fair value measurement**

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

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

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Note 2. Significant accounting policies (continued)**

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 3. Critical accounting judgements, estimates and assumptions**

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

*Estimation of useful lives of assets*

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

*Indefinite life intangible assets*

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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

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

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 4. Revenue**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Poker machine takings	1,803,848	1,277,275
Food and beverage sales	945,828	643,135
Other operating revenue	280,313	199,920
	<u>3,029,989</u>	<u>2,120,330</u>
Revenue	<u>3,029,989</u>	<u>2,120,330</u>

*Disaggregation of revenue*

All major revenue streams are within Australia and the timing of revenue recognition is at a point in time when goods or services are transferred.

**Note 5. Other income**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of property, plant and equipment	2,690	-
Government grants	-	76,050
	<u>2,690</u>	<u>76,050</u>
Other income	<u>2,690</u>	<u>76,050</u>

**Note 6. Expenses**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Surplus before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	<u>23,248</u>	<u>25,877</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>84,070</u>	<u>62,690</u>

**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 7. Income tax**

	30 June 2023	30 June 2022
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	7,713	94
Deferred tax - origination and reversal of temporary differences	-	(7,948)
Aggregate income tax expense/(benefit)	<u>7,713</u>	<u>(7,854)</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax liabilities	-	(7,948)
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Surplus before income tax (expense)/benefit	265,913	47,743
Tax at the statutory tax rate of 25%	66,478	11,936
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-assessable items	(58,765)	(19,790)
Income tax expense/(benefit)	<u>7,713</u>	<u>(7,854)</u>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts charged directly to equity</i>		
Deferred tax liabilities	545,606	-
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax liability/(assets)</i>		
Deferred tax liability/(assets) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Accrual and other items	(7,948)	(7,948)
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,120,380	574,774
Deferred tax liability	<u>1,112,432</u>	<u>566,826</u>
Movements:		
Opening balance	566,826	574,774
Credited to profit or loss	-	(7,948)
Charged to equity	545,606	-
Closing balance	<u>1,112,432</u>	<u>566,826</u>
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax refund due</i>		
Income tax refund due	<u>5,256</u>	<u>9,461</u>

**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 8. Cash and cash equivalents**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash float	110,000	110,000
Cash at bank	677,700	560,974
	<u>787,700</u>	<u>670,974</u>

**Note 9. Trade and other receivables**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	11,364	8,766
Other receivables	25	-
TAB holding deposit	5,000	5,000
	<u>16,389</u>	<u>13,766</u>

**Note 10. Inventories**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Stock on hand - at cost	62,961	62,562

**Note 11. Other assets**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Prepayments	29,339	43,900
<i>Non-current assets</i>		
Deferred expenses	148,443	145,445
	<u>177,782</u>	<u>189,345</u>

Deferred expenses relate to architects' and other experts' reports in relation to the development of the property at 21-25 Arcadia Road, Galston.

**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 12. Property, plant and equipment**

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Land - at fair value (independent valuation in 2023)	5,100,000	3,250,000
Buildings - at fair value (independent valuation in 2023)	2,038,150	1,600,000
Less: Accumulated depreciation	(328,150)	(296,150)
	<u>1,710,000</u>	<u>1,303,850</u>
Club House improvements - at cost	251,523	352,480
Less: Accumulated depreciation	(101,523)	(84,251)
	<u>150,000</u>	<u>268,229</u>
Plant and equipment - at cost	976,358	907,774
Less: Accumulated depreciation	(452,652)	(411,282)
	<u>523,706</u>	<u>496,492</u>
Fixtures and fittings - at cost	275,189	259,563
Less: Accumulated depreciation	(213,259)	(205,880)
	<u>61,930</u>	<u>53,683</u>
Motor vehicles - at cost	28,750	24,000
Less: Accumulated depreciation	(14,145)	(11,447)
	<u>14,605</u>	<u>12,553</u>
Poker machines - at cost	1,833,642	1,745,281
Less: Accumulated depreciation	(1,264,378)	(1,239,850)
	<u>569,264</u>	<u>505,431</u>
	<u><u>8,129,505</u></u>	<u><u>5,890,238</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold land \$	Buildings \$	Other fixed assets \$	Total \$
Balance at 1 July 2022	3,250,000	1,303,850	1,336,388	5,890,238
Additions	-	-	316,023	316,023
Disposals	-	-	(14,549)	(14,549)
Revaluation increments	1,850,000	438,150	(105,727)	2,182,423
Depreciation expense	-	(32,000)	(212,630)	(244,630)
Balance at 30 June 2023	<u><u>5,100,000</u></u>	<u><u>1,710,000</u></u>	<u><u>1,319,505</u></u>	<u><u>8,129,505</u></u>

*Valuations of land and buildings*

The basis of the valuation of land and buildings is fair value. The land and buildings were revalued during the current financial year in July 2023 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. Valuations are based on current prices for similar properties in the same location and condition.

Included in the valuation of the Buildings is a residential dwelling valued at \$60,000, which the Board has decided will be demolished during the year ending 30 June 2024.

**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 13. Intangibles**

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Licences- at cost	<u>217,460</u>	<u>217,460</u>

**Note 14. Trade and other payables**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	21,912	22,478
Other payables and accruals	<u>316,351</u>	<u>157,382</u>
	<u>338,263</u>	<u>179,860</u>

**Note 15. Borrowings**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Bank loans	96,000	79,135
Equipment loan	<u>92,000</u>	<u>169,969</u>
	<u>188,000</u>	<u>249,104</u>
<i>Non-current liabilities</i>		
Bank loans	52,000	164,865
Equipment loan	<u>-</u>	<u>97,604</u>
	<u>52,000</u>	<u>262,469</u>
	<u>240,000</u>	<u>511,573</u>

The bank has a general security interest comprising a first-ranking charge over all present and after-acquired property. The bank also has first registered mortgage over Non-Residential Real Property located at 19-25 Arcadia Road, Galston, NSW 2159. The bank loan has a facility limit of \$548,000 (2022: 692,000). The bank loan facility is expiring on 17 July 2024. In addition to the bank loan facility, the company has a credit card facility of \$20,000 as at 30 June 2023.

The equipment loan is secured over the company's assets with the remaining borrowing period of less than 1 year.

**Note 16. Employee benefits**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	41,523	33,729
Long service leave	<u>45,810</u>	<u>37,810</u>
	<u>87,333</u>	<u>71,539</u>



**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 17. Reserves**

	30 June 2023	30 June 2022
	\$	\$
Revaluation surplus reserve	<u>3,152,129</u>	<u>1,515,312</u>

*Revaluation surplus reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

*Movements in reserves*

Movements in each class of reserve during the current financial year are set out below:

	Revaluation surplus reserve \$
Balance at 1 July 2022	1,515,312
Revaluation - gross	2,182,423
Deferred tax	<u>(545,606)</u>
Balance at 30 June 2023	<u>3,152,129</u>

**Note 18. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	30 June 2023	30 June 2022
	\$	\$
Aggregate compensation	<u>207,316</u>	<u>217,989</u>

**Note 19. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Your Business Group Pty Ltd, the auditor of the company:

	30 June 2023	30 June 2022
	\$	\$
<i>Audit services - Your Business Group Pty Ltd</i>		
Audit of the financial statements	<u>14,400</u>	<u>13,750</u>
<i>Other services - Your Business Group Pty Ltd</i>		
Accounting services	<u>3,000</u>	<u>2,800</u>
	<u>17,400</u>	<u>16,550</u>

**Note 20. Contingent liabilities and capital commitments**

The company had no contingent liabilities or capital commitments as at 30 June 2023 and 30 June 2022.

**Hills District Memorial Club Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 21. Related party transactions**

*Parent entity*

Hills District Memorial Club Limited is the parent entity.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 18.

*Transactions with related parties*

The following transactions occurred with related parties:

	30 June 2023	30 June 2022
	\$	\$
Payment for goods and services:		
Payment for other services from directors (Michael Vumbaca, George Leoncino, Peter Shearing and Jarrah Tinmouth)	13,828	6,020

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 22. Events after the reporting period**

The club has contracted a builder to reconstruct the carpark for safety purposes during the year ending 30 June 2024 for a total contract value of \$145,000 plus GST.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

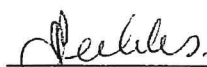
**Hills District Memorial Club Limited**  
**Directors' declaration**  
**30 June 2023**

In the directors' opinion:


- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Julie Peebles  
President



Kathryn Dickinson  
Treasurer

26 September 2023

**Your Business Group Pty Ltd**

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Your Business Group

## **HILLS DISTRICT MEMORIAL CLUB LIMITED**

**ABN: 66 000 908 476**

Independent Auditor's report to the members of Hills District Memorial Club Limited

### **Report on the Financial Report**

We have audited the financial report of HILLS DISTRICT MEMORIAL CLUB LIMITED (the company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Opinion*

In our opinion the accompanying financial report of HILLS DISTRICT MEMORIAL CLUB LIMITED 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 2023 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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Your Business Group

## **HILLS DISTRICT MEMORIAL CLUB LIMITED**

**ABN: 66 000 908 476**

Independent Auditor's report to the members of Hills District Memorial Club Limited  
(Continued)

### *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 ethical independence 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 Hills District Memorial Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the company 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, the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001 and for such internal control as the directors determine is



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## **HILLS DISTRICT MEMORIAL CLUB LIMITED**

**ABN: 66 000 908 476**

Independent Auditor's report to the members of Hills District Memorial Club Limited  
(Continued)

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 taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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**HILLS DISTRICT MEMORIAL CLUB LIMITED**

**ABN: 66 000 908 476**

Independent Auditor's report to the members of Hills District Memorial Club Limited  
(Continued)

exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

**Your Business Group Pty Ltd**

**Chartered Accountants**

**Vishnu Naidu**

**Director**

**26 September 2023**

Liability limited by a scheme approved under professional standards legislation