



**Wallsend RSL and Community  
Club Limited**

ACN 000 958 136

**Annual Financial Report  
for the year ended 31 May 2024**

# Wallsend RSL and Community Club Limited ACN 000 958 136

## Annual financial report for the year ended 31 May 2024

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These financial statements are the financial statements of Wallsend RSL and Community Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors' on 30 July 2024. The Directors' have the power to amend and reissue the financial statements.

# Directors' report

Your Directors' present their report on Wallsend RSL and Community Club Limited (the Company) for the year ended 31 May 2024.

## Directors details

The following persons were Directors of Wallsend RSL and Community Club Limited during the financial year, and up to the date of this report:

### Peter Moore

President  
Director since 1987

B. Comm, Dip Ed & JP. Retired Senior Education Officer of 26 years.

### Terence Morgan

Vice President  
Director since 2009

Dip Comm, Dip Law. Solicitor since 1982.

### Barry Twomey

Director  
Director since 1983

Retired Industry Supervisor. Worked 12 years in the Steel Industry.

### Ian Healey

Director  
Director since 1996

Retired Sales Executive with Breweries and Bank Officer

### Allan Crumpton

Director  
Director since 2013

Cert Mgt. Retired Senior Police Officer.

### Jason Dunn

Director  
Director since 2019

B Comm, B Laws, Dip Legal Practice. Solicitor since 2003.

### Greg Boswell

Director  
Director since 2020

Retired Cameraman, Commercial Director and Advertising Agency Partner

## Company secretary

Mr John Hume has been the Chief Executive Officer and Company Secretary of Wallsend RSL and Community Club Limited since May 2002. Prior to this Mr Hume has held management positions in other large registered Clubs in the Sydney area.

## Directors' meetings

The number of meetings the Directors held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Peter Moore	13	13
Terence Morgan	13	11
Barry Twomey	13	9
Ian Healey	13	9
Allan Crumpton	13	12
Jason Dunn	13	10
Greg Boswell	13	12

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

## Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 31 May 2024, the following land and buildings are considered to be core property and non-core property:

### Core Property

- 5-13 Tyrrell Street, Wallsend
- 1A Lowe Street Wallsend
- 5 Fogo Street, Wallsend

### Non-Core Property

- 12-16 Charles Street, Wallsend
- 15-17 Tyrrell Street, Wallsend
- 4 Tyrrell Street, Wallsend
- 6 Kemp Street, Wallsend
- 8-10 Charles Street, Wallsend
- 17 Kokera Street, Wallsend

# Directors' report (continued)

## Principal activities

During the year, the principal activities of the Company was the running of the Company in accordance with its objectives for the benefits of its members.

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

## Significant changes in state of affairs

No significant changes in the Clubs state of affairs occurred during the financial year.

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

## Short and long-term objectives

The Company's short and long-term objectives are to:

- Provide the best facilities available to members and guests with a special interest in the welfare of the returned service men and women.

## Strategy for achieving short and long-term objectives

To achieve these objectives the Company has adopted the following strategies:

- Increase existing revenue levels and control costs to improve profitability which will allow the Company's premises to be continually improved.

## Performance measurement

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry. The Company measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Company also uses EBITDA to measure the financial performance of the Company overall.

## Contribution in 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 each towards meeting any outstanding obligations of the Company. At 31 May 2024 the total amount that members of the Company are liable to contribute if the Company wound up is \$58,805 (2023: \$58,510).

## Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' report.

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



Peter Moore - Director



Terence Morgan - Director

Dated: 30 July 2024

**Wallsend, NSW**



Level 5, 12 Stewart Avenue  
Newcastle West NSW 2302

20 Church Street  
Maitland NSW 2320

Box 29, Hunter Region MC NSW  
2310

+61 2 4923 4000

[pitchernewcastle.com.au](http://pitchernewcastle.com.au)

## Auditor's independence declaration

To the Directors of Wallsend RSL and Community Club Limited

In accordance with the requirements of Corporations Act 2001, as lead auditor for the audit of Wallsend RSL and Community Club Limited for the year ended 31 May 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kirsty Porteous - Partner

Pitcher Partners NH Partnership  
Chartered Accountants

Dated: 30 July 2024  
Newcastle West, NSW

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney



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**Statement of profit or loss and other comprehensive income**

For the year ended 31 May 2024

	Notes	2024 \$	2023 \$
<b>Revenue from continuing operations</b>	2	<b>16,379,689</b>	18,639,378
Other income	3	<b>330,183</b>	153,875
Bar cost of goods sold		<b>(799,414)</b>	(1,066,227)
Bar direct expenses		<b>(585,911)</b>	(613,394)
Bistro cost of goods sold		<b>(1,058,599)</b>	(1,142,712)
Bistro direct expenses		<b>(1,837,453)</b>	(1,783,201)
Gaming direct expenses		<b>(5,223,770)</b>	(5,732,610)
Rental operations		<b>(35,876)</b>	(36,116)
TAB and keno direct expenses		<b>(294,482)</b>	(323,574)
Promotional expenses		<b>(409,088)</b>	(364,525)
Administration expenses		<b>(7,095,390)</b>	(6,895,297)
Finance costs		<b>(104,116)</b>	(123,010)
Bowls expenses		<b>(31,369)</b>	(176,878)
		<b>(17,475,468)</b>	(18,257,544)
<b>Profit / (loss) before income tax</b>		<b>(765,596)</b>	535,709
Income tax expense	4	-	-
<b>Profit / (loss) for the year</b>		<b>(765,596)</b>	535,709
Other comprehensive income	19	<b>20,768</b>	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(744,828)</b>	535,709

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

Wallsend RSL and Community Club Limited  
**Statement of financial position**  
For the year ended 31 May 2024

	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,887,112	3,134,345
Trade receivables	6	26,081	193,604
Inventories	7	259,802	248,440
Other assets	9	169,585	151,109
<b>Total current assets</b>		<b>4,342,580</b>	<b>3,727,498</b>
<b>Non-current assets</b>			
Financial assets at amortised cost	8	253,385	250,000
Property, plant and equipment	10	21,968,853	24,255,155
Investment properties	11	3,670,000	2,667,607
Investments - equity method	12	4,679,224	4,609,981
Intangible assets	13	2,780,580	2,780,580
Lease assets	14	332,178	406,328
<b>Total non-current assets</b>		<b>33,684,220</b>	<b>34,969,651</b>
<b>Total assets</b>		<b>38,026,800</b>	<b>38,697,149</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	1,365,500	1,128,533
Provisions	17	1,054,873	973,592
Other liabilities	18	80,349	37,475
Lease liabilities	14	67,505	57,188
<b>Total current liabilities</b>		<b>2,568,227</b>	<b>2,196,788</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	1,108,688	1,308,688
Provisions	17	113,704	124,358
Other liabilities	18	54,004	66,632
Lease liabilities	14	243,314	316,992
<b>Total non-current liabilities</b>		<b>1,519,710</b>	<b>1,816,670</b>
<b>Total liabilities</b>		<b>4,087,937</b>	<b>4,013,458</b>
<b>Net assets</b>		<b>33,938,863</b>	<b>34,683,691</b>
<b>MEMBERS FUNDS</b>			
Reserves	19	538,525	517,757
Retained profits		33,400,338	34,165,934
<b>Total members funds</b>		<b>33,938,863</b>	<b>34,683,691</b>

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

Wallsend RSL and Community Club Limited  
**Statement of changes in equity**  
For the year ended 31 May 2024

	Revaluation Reserve	Reserves \$	Retained Profits \$	Total \$
<b>Balance at 1 June 2022</b>		517,757	33,630,225	34,147,982
Profit / (Loss) for the year		-	535,709	535,709
<b>Total comprehensive income for the year</b>	-	-	<b>535,709</b>	<b>535,709</b>
<b>Balance at 31 May 2023</b>	-	517,757	34,165,934	34,683,691
Profit / (Loss) for the year	-	-	(765,596)	(765,596)
Other comprehensive income	20,768	-	-	20,768
<b>Total comprehensive income for the year</b>	<b>20,768</b>	-	<b>(765,596)</b>	<b>(744,828)</b>
<b>Balance at 31 May 2024</b>	<b>20,768</b>	517,757	33,400,338	33,938,863

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



## Statement of cash flows

For the year ended 31 May 2024

Notes	2024 \$	2023 \$
<b>Cash flows from operating activities</b>		
Receipts from members and customers	18,477,628	20,332,433
Payments to suppliers and employees	(16,342,116)	(17,495,708)
Interest received	20,055	16,974
Interest paid	(104,116)	(123,010)
<b>Net cash inflow (outflow) from operating activities</b>	<b>2,051,451</b>	<b>2,730,689</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,092,865)	(2,781,447)
Repayment of loans provided	-	50,044
Proceeds from sale of property, plant and equipment	62,815	42,468
Payments for investments	(3,385)	(725,607)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,033,435)</b>	<b>(3,414,542)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(65,249)	(70,501)
Repayment of borrowings	(200,000)	(1,750,000)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(265,249)</b>	<b>(1,820,501)</b>
<b>Net increase in cash and cash equivalents</b>	<b>752,767</b>	<b>(2,504,354)</b>
Cash and cash equivalents at the beginning of the financial year	3,134,345	5,638,699
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3,887,112</b>	<b>3,134,345</b>

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

## Notes to the financial statements

For the year ended 31 May 2024

### 1 Summary of material accounting policies

#### (a) Information about the entity

- Wallsend RSL and Community Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- Wallsend RSL and Community Club Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is Lowe, Kemp & Tyrrell Streets, Wallsend NSW 2287.
- The principal place of business of the Club is 5 - 7 Tyrrell St, Wallsend NSW 2287.

#### (b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

#### (c) Statement of compliance

This financial report complies with *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs, except for investment properties which have been measured at fair value. The financial report is presented in Australian Dollars.

#### (d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 ATO is included with other receivables or 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 ATO, are presented as operating cash flows.

#### (e) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

#### (f) Comparative information

Comparative information has been adjusted to reflect current year disclosures where applicable.

**Notes to the financial statements**

For the year ended 31 May 2024

**2 Revenue****(a) Disaggregation of revenue from contracts with customers**

The Company derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Beverage Revenue	Raffle and Bingo Revenue	Gaming Revenue	Food Revenue	Bowls Revenue	Other Revenue	Total
2024	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,300,055	249,078	10,640,578	2,819,065	-	353,733	16,362,509
Other revenue (not covered by AASB15)	-	-	17,180	-	-	-	17,180
	<u>2,300,055</u>	<u>249,078</u>	<u>10,657,758</u>	<u>2,819,065</u>	<u>-</u>	<u>353,733</u>	<u>16,379,689</u>

*Timing of revenue recognition*

At a point in time	2,300,055	249,078	10,640,578	2,819,065	-	304,544	16,313,320
Over time	-	-	17,180	-	-	49,189	66,369
	<u>2,300,055</u>	<u>249,078</u>	<u>10,657,758</u>	<u>2,819,065</u>	<u>-</u>	<u>353,733</u>	<u>16,379,689</u>

	Beverage Revenue	Raffle and Bingo Revenue	Gaming Revenue	Food Revenue	Bowls Revenue	Other Revenue	Total
2023	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,586,244	196,706	12,325,551	2,774,492	46,576	678,312	18,607,881
Other revenue (not covered by AASB15)	-	-	31,497	-	-	-	31,497
	<u>2,586,244</u>	<u>196,706</u>	<u>12,357,048</u>	<u>2,774,492</u>	<u>46,576</u>	<u>678,312</u>	<u>18,639,378</u>

*Timing of revenue recognition*

At a point in time	2,586,244	196,706	12,325,551	2,774,492	46,576	616,229	18,545,798
Over time	-	-	31,497	-	-	62,083	93,580
	<u>2,586,244</u>	<u>196,706</u>	<u>12,357,048</u>	<u>2,774,492</u>	<u>46,576</u>	<u>678,312</u>	<u>18,639,378</u>

**(b) Accounting policies and significant judgements**

The Company recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

The Company considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. loyalty points program). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

*(i) Sale of goods - beverage*

Revenue from the sale of beverages is recognised at a point in time when the physical control of the goods passes to the customer.

*(ii) Provision of services - raffle and bingo revenue*

Raffle and bingo revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

*(iii) Provision of services - gaming revenue*

Revenue from rendering services from gaming facilities to members and other patrons of the Company is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission revenue where the Company acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed.

TAB and Keno commission revenue where the Company acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed.

## Notes to the financial statements

For the year ended 31 May 2024

### 2 Revenue (continued)

#### (b) Accounting policies and significant judgements (continued)

(iv) *Sale of goods - food*

Revenue from the sale of food is recognised at a point in time when the physical control of the goods passes to the customer.

(v) *Other revenue*

Included within other revenue is membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

### 3 Other income and expense items

	2024	2023
	\$	\$
<b>(a) Other income</b>		
Rental income	188,492	87,378
Interest income	20,055	16,974
Share of profit / (loss) from joint ventures using equity method	69,243	49,523
Movement in fair value - investment property	52,393	-
	<u>330,183</u>	<u>153,875</u>

(i) *Rental income (investment property)*

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Company recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Other income*

The Company recognises other income at a point in time when received.

(iv) *Movement in fair value - investment property*

The Company recognises the change in fair value of investment property based on the assessment of an independent expert, representing the non-cash gain in relation to investment properties.

#### (b) Other expenses

Employee benefits expense	5,854,020	6,022,798
Depreciation and amortisation	2,273,880	2,468,516
Interest costs	104,116	123,010
Loss on disposal of property, plant and equipment	26,753	16,590
Impairment of assets	279,817	-

**Notes to the financial statements**

For the year ended 31 May 2024

	2024	2023
	\$	\$
<b>4 Income tax expense</b>		
<b>(a) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
The Income Tax Assessment Act 1997 provides that under the concept of mutuality, Companies are only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:		
Operating profit/(loss) before income tax	(765,596)	535,709
Tax at the Australian tax rate at 25% (2023: 25%)	(191,399)	133,927
Add/(Less) tax effect of:		
Non assessable income		
Non deductible expenses	9,239	14,096
Apportionment adjustment members income and expenses	(298,447)	(292,834)
Temporary differences	(10,469)	20,460
Deferred tax asset for tax losses not brought to account	491,076	124,351
Income tax expense	<u>-</u>	<u>-</u>

(b) The Directors estimate that the potential deferred tax asset as at 31 May 2024 not brought to account is as follows:

Tax losses at 25%	<u>787,305</u>	<u>296,229</u>
	787,305	296,229

**Accounting policy**

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

**5 Cash and cash equivalents****Current**

Cash on hand and at bank	<u>3,887,112</u>	<u>3,134,345</u>
	3,887,112	3,134,345

**Accounting policy**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (if any).

**6 Trade receivables****Current**

Trade receivables	<u>26,081</u>	<u>193,604</u>
	26,081	193,604

**Accounting policy**

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

**Notes to the financial statements**

For the year ended 31 May 2024

<b>7 Inventories</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Stock on hand - bar	84,808	80,313
Stock on hand - bistro	174,994	168,086
Stock on hand - other	-	41
	<u>259,802</u>	<u>248,440</u>

**Accounting policy**

Inventories are measured at the lower of cost and current replacement cost.

**8 Financial assets at amortised cost**

**Non - Current**

Other receivables	253,385	250,000
	<u>253,385</u>	<u>250,000</u>

**Accounting policy**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

**9 Other assets**

**Current**

Prepayments	169,585	151,109
	<u>169,585</u>	<u>151,109</u>

**Accounting policy**

This includes prepayments made in advance for goods and services which are to be received in a future period.

**Notes to the financial statements**

For the year ended 31 May 2024

**10 Property, plant and equipment**

	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Capital work in progress</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Non-current assets</b>				
<b>At 1 June 2023</b>				
Cost	30,816,126	14,537,813	408,308	45,762,247
Accumulated depreciation	<u>(10,722,273)</u>	<u>(10,784,819)</u>	-	<u>(21,507,092)</u>
Net book amount	<u>20,093,853</u>	<u>3,752,994</u>	<u>408,308</u>	<u>24,255,155</u>
<b>Year ended 31 May 2024</b>				
Opening net book amount	20,093,853	3,752,994	408,308	24,255,155
Impairment	-	-	(279,817)	(279,817)
Additions	74,760	885,009	250,388	1,210,157
Transfers	-	127,641	(127,641)	-
Transfers to Investment Property	(929,232)	-	-	(929,232)
Disposals	-	(89,005)	-	(89,005)
Depreciation charge	<u>(870,525)</u>	<u>(1,327,880)</u>	-	<u>(2,198,405)</u>
Closing net book amount	<u>18,368,856</u>	<u>3,348,759</u>	<u>251,238</u>	<u>21,968,853</u>
<b>Year ended 31 May 2024</b>				
Cost	29,910,870	16,572,349	251,238	46,734,457
Accumulated depreciation	<u>(11,542,016)</u>	<u>(13,223,588)</u>	-	<u>(24,765,604)</u>
Net book amount	<u>18,368,854</u>	<u>3,348,761</u>	<u>251,238</u>	<u>21,968,853</u>

**Accounting policy****(a) Land and buildings**

Land and buildings are carried at cost less any accumulated depreciation and any impairment in value.

**(b) Plant and equipment**

Each class of plant and equipment is carried at cost less any accumulated depreciation and any impairment in value.

**(c) Depreciation**

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Land and buildings	21 - 50 years
Plant & Equipment	3 - 11 years

**(d) Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependent on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of comprehensive income as a separate line item.

**Notes to the financial statements**

For the year ended 31 May 2024

	2024	2023
	\$	\$
<b>11 Investment properties</b>		
<b>Non-current assets - at fair value</b>		
Opening balance at 1 June	2,667,607	1,865,000
Additions		802,607
Transfers from Property, Plant and Equipment	950,000	
Net gain / (loss) from fair value adjustment	52,393	-
Closing balance at 31 May	<u>3,670,000</u>	<u>2,667,607</u>

**Accounting policy**

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. To obtain the fair value, a market appraisal is obtained by the Company from its real estate agent annually. A market valuation was performed by Craig Fennings of Raine and Horne real estate as at 31 May 2024. The real estate agent frequently assesses the market values for properties similar to those held by the Company in the same areas, having regard to past sales prices of other properties and current market conditions. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

**12 Investments - equity method****Non-current assets - at cost**

Investment in joint venture (Springs Wallsend Pty Ltd)	4,679,224	4,609,981
	<u>4,679,224</u>	<u>4,609,981</u>

**Accounting policy**

The investment in Springs Wallsend Pty Ltd is a joint venture accounted for using the equity method. The Company has joint control and 25% ownership interest. Springs Wallsend Pty Ltd completed the development of a 50 room motel in the 2021 financial year.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Interests in joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income of the joint venture, until the date on which significant influence or joint control ceases.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The following table summarises the financial information of Springs Wallsend Pty Ltd as included in its own financial statements.

<b>Current assets</b>		
Cash and cash equivalents	126,562	124,375
Financial assets	26,154	12,050
Other assets	2,440	2,120
Total current assets	<u>155,156</u>	<u>138,545</u>
<b>Non current assets</b>		
Property, plant and equipment	10,476,426	10,615,170
Total non current assets	<u>10,476,426</u>	<u>10,615,170</u>
<b>Total assets</b>	<u>10,631,582</u>	<u>10,753,715</u>
<b>Liabilities</b>		
Trade and other payables	26,193	47,971
Financial liabilities	3,276,458	3,653,782
Total liabilities	<u>3,302,651</u>	<u>3,701,753</u>
<b>Net assets</b>	<u>7,328,931</u>	<u>7,051,962</u>



**Notes to the financial statements**

For the year ended 31 May 2024

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>12 Investments - equity method (continued)</b>		
Income		
Accommodation	1,437,698	1,371,973
Other Income	42,068	13,868
Total Income	<u>1,479,766</u>	<u>1,385,841</u>
Expenses		
Commissions	69,715	82,559
Depreciation	278,196	277,709
Property management	410,127	372,681
Interest	143,997	116,386
Other	300,762	338,415
Total Expenses	<u>1,202,797</u>	<u>1,187,750</u>
Operating profit / (loss)	<u>276,969</u>	<u>198,091</u>
Attributed to Company at 25%	69,243	49,523

**13 Intangible assets**

	<b>Poker machine entitlements</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>			
<b>As at 31 May 2024</b>			
Cost	<u>2,780,580</u>	<u>2,780,580</u>	<u>2,780,580</u>
Net book amount	<u>2,780,580</u>	<u>2,780,580</u>	<u>2,780,580</u>
<b>Reconciliation</b>			
Opening net book amount	<u>2,780,580</u>	<u>2,780,580</u>	<u>2,780,580</u>
Closing net book amount	<u>2,780,580</u>	<u>2,780,580</u>	<u>2,780,580</u>

**Accounting policy**

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The value shown for the poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

**Notes to the financial statements**

For the year ended 31 May 2024

	2024	2023
	\$	\$
<b>14 Leases</b>		
The Company leases various equipment, poker machines and the air space between Company buildings and Company carpark.		
<b>a) Lease asset</b>		
<b>Non-current</b>		
Lease assets	332,178	406,328

<b>Reconciliation of lease assets</b>	<b>Photocopier</b>	<b>Equipment</b>	<b>Club Airspace</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	148,077	62,243	196,008	406,328	356,434
Additions	5,226	9,699	9,482	24,407	163,981
Disposals	(23,082)	-	-	(23,082)	(39,170)
Transfers	-	-	-	-	-
Amortisation	(36,173)	(32,614)	(6,688)	(75,475)	(74,917)
Carrying amount at the end of the year	94,048	39,328	198,802	332,178	406,328

<b>b) Lease liabilities</b>					
<b>Current</b>					
Lease liabilities	28,109	36,351	3,045	67,505	57,188
<b>Non-current</b>					
Lease liabilities	80,097	3,118	160,099	243,314	316,992
<b>Total</b>	108,206	39,469	163,144	310,819	374,180

<b>Reconciliation of lease liabilities</b>	<b>Photocopier</b>	<b>Equipment</b>	<b>Club Airspace</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	152,292	63,843	158,045	374,180	319,357
Additions	5,226	9,699	9,482	24,407	163,981
Disposal	(22,519)	-	-	(22,519)	38,657
Interest expense	5,020	3,090	4,829	12,939	14,445
Lease payments	(31,813)	(37,163)	(9,212)	(78,188)	(84,946)
Carrying amount at the end of the year	108,206	39,469	163,144	310,819	374,180

<b>Maturity analysis of future lease payments</b>				<b>Total</b>	<b>Total</b>
				\$	\$
Not later than 1 year	30,492	38,910	8,979	78,381	72,164
Later than 1 year and not later than 5 years	83,853	3,683	37,928	125,464	221,588
Later than 5 years	-	-	218,094	218,094	215,511
<b>Lease payments</b>	114,345	42,593	265,001	421,939	509,263

**Accounting policy**

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The weighted average incremental borrowing rate is 4.0%.

**Notes to the financial statements**

For the year ended 31 May 2024

**14 Leases (continued)**

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Company has only included the known CPI increases to date and not estimated future CPI-related increases.

The Company does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

**Lessor**

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Company recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**15 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Current</b>		
Trade payables	246,491	27,814
Other payables and accruals	953,478	908,131
GST payable	165,531	192,588
	<u>1,365,500</u>	<u>1,128,533</u>

**Accounting policy**

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

**16 Financial liabilities****Non-current***Secured*

Bank loan (i)	1,108,688	1,308,688
Total secured financial liabilities	<u>1,108,688</u>	<u>1,308,688</u>

*(i) Secured liabilities*

The Company's currently facility is until 20 July 2027. The following has been provided as security:

First registered equitable mortgage by Wallsend RSL & Community Club Limited ACN 000 958 136 over the whole of its asset(s) and undertaking(s) including uncalled capital;

First registered mortgage by Wallsend RSL & Community Club Limited ACN 000 958 136 over non residential real property located at 4 Tyrrell St Wallsend NSW 2287

First registered mortgage by Wallsend RSL & Community Club Limited ACN 000 958 136 over non residential real property located at 5 Fogo Street Wallsend NSW 2287

First registered mortgage by Wallsend RSL & Community Club Limited ACN 000 958 136 over non residential real property located at 6 Kemp St Wallsend NSW 2287

First registered mortgage by Wallsend RSL & Community Club Limited ACN 000 958 136 over non residential real property located at 8 Charles Street Wallsend NSW 2287

*(ii) Unused financing facilities*

The Company has a business card facility of \$50,000 available for use, which is cleared monthly.

## Notes to the financial statements

For the year ended 31 May 2024

### 16 Financial liabilities (continued)

#### Accounting policy

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

Financial liabilities are classified as non-current liabilities if the Company has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

17 Provisions	2024	2023
	\$	\$
<b>Current</b>		
Employee entitlements (i) & (ii)	1,028,459	948,650
Jackpots	26,414	24,942
	<u>1,054,873</u>	<u>973,592</u>
<b>Non-current</b>		
Employee entitlements (ii)	63,704	74,358
Make good	50,000	50,000
	<u>113,704</u>	<u>124,358</u>

#### Accounting policy

##### (i) Annual leave

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

##### (ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

**Notes to the financial statements**

For the year ended 31 May 2024

	2024	2023
	\$	\$
<b>18 Other liabilities</b>		
<b>Current</b>		
Contract liabilities - membership revenue	32,204	20,541
Contract liabilities - function revenue	48,145	16,934
	<u>80,349</u>	<u>37,475</u>
<b>Non-current</b>		
Contract Liabilities - membership revenue	54,004	66,632
	<u>54,004</u>	<u>66,632</u>

**Accounting policy**

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

	<b>Asset</b>		
	<b>Revaluation</b>	<b>General</b>	<b>Total</b>
		\$	\$
<b>19 Reserves</b>			
<b>Balance at 1 June 2023</b>	-	517,757	517,757
Changes to reserves	-	-	-
Additions	20,768	-	20,768
<b>Balance at 31 May 2024</b>	<u>20,768</u>	<u>517,757</u>	<u>538,525</u>

(i) *Nature and purpose of reserves**General reserve*

Accumulated funds taken over on incorporation.

*Asset Revaluation*

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

**20 Commitments**(i) *Expenditure commitments*

Building renovations - to be expended within 1 year	87,350	-
	<u>87,350</u>	<u>-</u>

**21 Contingent liabilities**

Bank guarantee substituting for a security deposit for TAB facilities	<u>10,000</u>	<u>10,000</u>
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On 25th March 2023, Wallsend Diggers Sports Club was forced to close due to unforeseen events. The site of the Sports Club, 5 Fogo Street Wallsend, has suffered significant subsidence issues to the property. The subsidence has caused significant damage to the three (3) bowling greens and other areas of the site. The immediate future of the site is unknown as at the date of this report. Any costs that the Company may incur in relation to repairs or re-building of the clubhouse and/or greens is unknown and could not be measured at the date of this report. Similarly any compensation that may be received by the Company is also unknown at the date of this report. The carrying value of the property, plant and equipment of 5 Fogo Street at balance date is \$3,939,502. No impairment loss has been recognised as the Directors are of the opinion that the Club may recover this value through future cashflows, being compensation, future use, disposal or a combination of these outcomes.

## 22 Related parties

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

	2024	2023
	\$	\$
(a) <i>Key management personnel remuneration</i>		
Total key management personnel benefits	669,865	779,036

### (b) *Transactions with other related parties*

A Director, Mr B. Twomey and a relative of Director Mr P. Moore, lease investment properties from the Company at rates agreed to at the Club's annual general meeting.

The firm in which a Director, Mr T. Morgan is associated with provides legal services to the Company as required on normal terms and conditions with the total paid/payable by the Company being \$5,429 (2023: \$2,137).

The daughter and son-in-law of CEO John Hume is employed by the Club under normal award terms and conditions.

The son of deputy CEO Mark Stanborough is employed by the Club under normal award terms and conditions.

## 23 Remuneration of auditors

### *Auditor of the company*

Audit of the financial statements	34,900	33,200
Other services - taxation compliance services	6,250	5,890
Other services - consulting services	28,435	43,310
	<u>69,585</u>	<u>82,400</u>

## 24 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

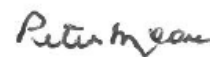
- Estimation of useful lives of non-current assets (notes 10, 13 and 14) - The useful life of property, plant and equipment and lease assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Estimation of provision for make good (note 17) - there is estimation uncertainty in relation to a number of components when assessing the measurement of the provision for make good including but not limited to the condition required to restore the premises to, the extent of assets required to be removed and the timing of the cash outflows to satisfy these. The current measurement of the provision for make good represents the Company's best estimate of these components.
- Estimated fair value of investment properties (note 11) - the fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.

## Directors' declaration

### In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 22 are in accordance with the Corporations Act 2001, including:
  - (i) Complying with Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 31 May 2024 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Peter Moore - Director



Terence Morgan - Director

30 July 2024  
Wallsend, NSW



Level 5, 12 Stewart Avenue  
Newcastle West NSW 2302  
  
20 Church Street  
Maitland NSW 2320  
  
Box 29, Hunter Region MC NSW  
2310  
  
+61 2 4923 4000  
  
[pitchernewcastle.com.au](http://pitchernewcastle.com.au)

## Independent auditor's report to the members of Wallsend RSL and Community Club Limited

### Opinion

We have audited the financial report of Wallsend RSL and Community Club Limited (the Company) which comprises the statement of financial position as at 31 May 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the Company's financial position as at 31 May 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### 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 Disclosures and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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### **Matters relating to the electronic presentation of the audited financial report**

The auditor's report relates to the financial report of the Company for the year ended 31 May 2024 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### **Auditor's responsibilities for the audit of the financial report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

Kirsty Porteous - Partner

Pitcher Partners NH Partnership  
Chartered Accountants

30 July 2024  
Newcastle West, NSW

**Pitcher Partners Newcastle & Hunter Pty Ltd**

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