



2022

# ANNUAL REPORT

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Notice is hereby given of the Annual General Meeting of the Fraternity Bowling & Recreation Club Ltd to be held at the Club, 11 Bourke Street Fairy Meadow on **Monday, 21 November 2022 at 7:00pm.**

11 Bourke Street, Fairy Meadow NSW 2519

02 4283 3333

[www.fraternityclub.com.au](http://www.fraternityclub.com.au)

**THE FRATERNITY BOWLING AND RECREATION CLUB LIMITED**

**A.C.N 001 005 545**

**NOTICE OF ANNUAL GENERAL MEETING 2022**

Notice is hereby given of the Annual General Meeting of the Fraternity Bowling & Recreation Club Ltd to be held at the Club, 11 Bourke Street Fairy Meadow on Monday, 21 November 2022 at 7:00pm.

**AGENDA**

1. Present
2. Apologies
3. Receive the minutes of previous annual meeting
4. Business arising from minutes
5. Adoption of minutes
6. Receive and consider the Director's Report, Auditor's Report and Financial Report for the financial year ending June 30, 2022
7. President's Report
8. Election of Officers – President and 3 Directors
9. To consider and if thought, pass the First and Secondary Resolutions in relation to Director's benefits as set out below
10. General Business

**FIRST ORDINARY RESOLUTION**

Pursuant to the Registered Clubs Act, the members hereby approve the following payments and benefits which are not available to members generally but only to those who are members of the Board of the Club and the other persons referred to below:

- a) The reasonable expenses incurred by members of the board for travelling in relation to and from their duties as members of the Board and as approved by the Board from time to time provided such expenses are supported by the production of invoices, receipts or other proper documentary evidence of such expenditure.
- b) The reasonable cost of members of the Board attending the Annual General Meeting and Conference of ClubsNSW and separately the Trade Show of ClubsNSW and such other seminars, lectures, trade displays, online training and other similar training as may be determined by the Board from time to time as being beneficial to the Club or as is required to satisfy the compulsory training required of Directors under the Registered Clubs Act.
- c) The reasonable cost of members of the Board attending other registered Clubs for the purpose of viewing and assessing the facilities of those clubs and methods of operation, provided such attendances are approved by the Board as being necessary in the interests of the Club.
- d) The provision of a suitably inscribed Club blazer and uniform for each member of the Board, as may be required by each new director.
- e) Each Director of the Board being entitled to the use of a designated car parking space provided in the Club's carpark.
- f) The reasonable cost of a meal and refreshments for each Director of the Board immediately before, during, or immediately after a Board or Sub Committee meeting provided such meeting occurs at a normal meal time.
- g) The reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
- h) The reasonable costs of each member of the Board and their spouse/partner attending a dinner and other Club or Club Industry functions where appropriate and required by the Board to represent the Club.

The above remains unchanged from last year.

**SECOND ORDINARY RESOLUTION**

That the members hereby approve the payment of the following honorariums for the period between the Annual General Meeting on 30 November 2022 and the Annual General Meeting in 2023:

- a) Sum of \$8,500 to the President of the Board (which is also to cover his mobile phone expenses);
- b) Sum of \$1,000 to each of the other Directors of the Board

**By order of the Board of Directors**

**Greg Field**  
**General Manager**  
**28/10/2022**

## NOTES TO MEMBERS

1. Once the other business of the Annual General Meeting is concluded and if a ballot for the election of the Board is required, the meeting will adjourn to allow the ballot papers to be counted. Once this is completed, the meeting will reconvene to declare the results of the election.
2. Under the Registered Clubs Act, proxy voting is prohibited and employees of the Club who are members are prohibited from voting.
3. To be passed, each of the two ordinary resolutions above must receive votes in their favour from not less than a simple majority of those members, who being entitled to do so, vote on the resolution in person at the meeting.
4. Annual Reports:
  - a. A number of years ago, all members were provided with a notice, inviting them to elect whether to receive the annual report, being the director's report, financial report and auditor's report in hard copy by post or electronically by email.
  - b. The annual report for the financial year ending 30 June 2022 will be provided in hard copy or by email, to those members who have previously elected to receive the annual report in this manner.
  - c. If you have not previously given the Club written notice electing to receive the annual report, you may still do so by completing and submitting a notice electing to receive the annual report which is available at the reception of the Club.
  - d. Alternatively, members can access the annual report on the Club's website at [www.fraternityclub.com.au](http://www.fraternityclub.com.au)
5. Core Property and Non-Core Property  
In accordance with Section 41J of the Registered Clubs Act, the core property of the Club is the whole of the physical premises and land to the North, South and East of the Club building at 11 Bourke Street, Fairy Meadow. On the 8 November 2011 at a General Meeting of members, the Club's main carpark was declared non-core property.
6. In relation to the resolutions for proposed honorariums, a Director may elect to not receive the payment or to receive only part of that payment, at his or her discretion. Any amount paid and not taken up in the 12-month period commencing from the AGM will become forfeit – that is, a Director cannot make any claim in respect of any unpaid honorariums in respect of a prior year. The honorarium is only applicable for the year approved by the resolution of the members.
7. Financial – Any questions of a financial nature should be received in writing by the General Manager no less than 7 days prior to the AGM.

## NOTES TO MEMBERS IN RELATION TO RESOLUTION FOR LIFE MEMBERSHIP

8. Under the Club's Constitution, members who have rendered outstanding service to the Club may be elected to Life membership on an appropriate recommendation from the Board.
9. A person elected as a Life member is relieved from payment of any subscription of levies and has all the rights and privileges of Fraternity membership.
10. To be passed, each of the Resolutions for Life membership require votes from a majority of those members present and voting at the meeting.

**By order of the Board of Directors Greg Field**  
**General Manager**  
**28/10/2022**

**FRATERNITY BOWLING & RECREATION CLUB LIMITED  
ANNUAL GENERAL MEETING OF MEMBERS  
HELD AT THE CLUB ON  
Tuesday 14<sup>th</sup> December 2021**

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**PRESIDING:** M. Cuda (President)

**Also:** S Green (Club Auditor) G Field (General Manager), Tony Rodrigues (Gaming & Operations Manager), J Ralston, J Hawkins (Piggot Stinson) & 167 Members as per attendance register.

**Meeting declared open at.....7.13 pm.**

M. Cuda welcomed all the Foundation Members, Life Members & Members to the meeting & acknowledged the Board, Club Auditor, the General Manager & Iris Soldi Sports President.

M. Cuda also advised that the Solicitors J Ralston and J Hawkins were running late

**Apologies:** A Frino & A Wang (Clubs Auditor)

**OBITUARY:** M. Cuda called for one-minute silence for the Members that have passed away during the year.

**MINUTES:** M. Cuda tabled the Minutes of the Annual General Meeting held on Monday 30<sup>th</sup> November 2020.

**Moved:** M Cazzoli (10513)

**Seconded:** P Curcio (1855)

That the minutes of the AGM held on the 30th November 2020 be accepted as a true record. **“Carried”**

**FINANCIAL STATEMENTS:** S Green, who was in attendance on behalf of A Wang, tabled & gave a brief summary of the financial statements for the year ending 30<sup>th</sup> June 2021.

**Moved:** A Douglas (8819)

**Seconded:** P Curcio (1855)

That the 2021 Financial Report, Directors Report & the Auditors report be adopted as true records. **“Carried”**

**Election of Officers:** MC explained the election process to the members.

Each candidate addressed the meeting to explain their qualifications and skills that would make them a suitable Board member.

S Green (returning officer) declared all relevant positions vacant.

M. Cuda President Elected for one year (elected unopposed).

I Soldi elected as Sports President (elected unopposed)

Ballot papers were handed out to the members and placed in the voting box after selections were made.

Staff members, S Green and scrutineers John Santangelo (7796) and Pina McPherson (9982) left the meeting to tabulate the votes.

**PRESIDENT REPORT:** M Cuda summarised the good profit and EBITDA result and thanked everyone involved Board, staff and members for the great result.

M Cuda outlined the improvements made to the function's rooms and Il Bene.

M Cuda explained the potential development that is currently before council but may hit some problems due to the flood issues.

M Cuda stated the Board continued their education requirements as Club Directors.

M Cuda outlined the entities that received donations during the year.

M Cuda announced the appointment of a part time finance manager, Tony Blair.

M Cuda announced all improvements have been made out of cashflow with no increase in debt.

M Cuda announced the club mandatory vaccination policy for patrons. The membership applauded the decision.

**ELECTION RESULTS:** G Field announced the election results with J Ianni, E Salucci and L Ferrari being elected as directors for the next 3 years.

M Cuda thanked Rhonda Cristini for her nomination and welcomed any member wishing to nominate.

**Moved:** A Douglas (8819)  
**Seconded:** A Cardomone (239)  
That the ballot papers be destroyed **“Carried”**

**RESOLUTIONS:** G Field read & put forward the First Ordinary Resolution for Members consideration as per attached.

**Moved:** W Douglas (2631)  
**Seconded:** M Di Carlo (2186)  
That the first Ordinary Resolution as per read be accepted.  
**“Carried Unanimously”**

G Field read & put forward the Second Ordinary Resolution for Members consideration.

**Moved:** P Curcio (1855)  
**Seconded:** M Cazzoli (10513)  
That the second Ordinary Resolution as per read be accepted.  
**“Carried Unanimously”**

#### **Special Resolution**

Club solicitor John Ralston addressed the meeting and explained the major points in the changes to the constitution.

John Ralston announced that special resolutions require 75% of the members present to be passed.

**Moved:** M Di Carlo (2186)  
**Seconded:** N Dei Cont (10281)

M Cuda asked the members who is favour and against the special resolution.

The resolution was passed with only 1 member against.

**General Business:** N Dei Cont (10281) asked if the front entrance could have some cover to protect from the rain/weather.

MC stated that this project is currently being considered.

E Guarnacci (5498) asked if the club could clear the rubbish and asbestos on the club land at the back of his house. G Field said he would look into it and do what was needed.

P Galanti (84) stated that he thought the association cabinets are in the wrong position. Often there are displays, raffles etc blocking access.

G Field said he would make the passageway clear whenever he could.

MC invited the members to enjoy some food and drinks following the meeting

M Cuda thanked the General Manager Greg Field, Tony Rodrigues and the management team for their good efforts during the year.

M Cuda thanked O'Donnell Hennessey and Pigott Stinson for all their support over the years.

M Cuda thanked fellow Board members for their support and commitment to the club during the past year.

MC thanked his family for their support during the year.

**Meeting declared closed at..... 8.32 pm.**

# **FRATERNITY BOWLING AND RECREATION CLUB LIMITED**

**ABN: 56 001 005 545**

**Financial Report For The Year Ended  
30 June 2022**

# Fraternity Bowling and Recreation Club Limited

ABN: 56 001 005 545

## Financial Report For The Year Ended 30 June 2022

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**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2022.

**Directors**

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

		<b>Date Appointed</b>	<b>Occupation</b>
CUDA, Mick	President	25th November 2008	Managing Director
SACCO, Concetta	Vice-President	30th November 2009	Fraud Officer
SALUCCI, Emilio	Vice-President	27th November 2012	Operations Manager
TREVISI, Dario		25th November 2008	Service Project Team Leader
APOLLONI, John		29th November 2011	Chartered Accountant
AKELE, John		28th November 2010	Chartered Accountant
IANNI, James		28th November 2010	Real Estate Agent
FERRARI, Giovanni		30th November 2015	Operations Manager
FRINO, Alessandro		26th May 2020	Deputy Vice Chancellor

	Board Meetings	
	Number attended	Number eligible to attend
CUDA, Mick	12	12
SACCO, Concetta	12	12
SALUCCI, Emilio	11	12
TREVISI, Dario	11	12
APOLLONI, John	9	12
AKELE, John	12	12
IANNI, James	12	12
FERRARI, Giovanni	12	12
FRINO, Alessandro	7	12

Over the course of the year, The Club Directors attended further special meetings of a formal and informal nature to assist in carrying out their portfolio duties, these meetings included but were not limited to the following areas of importance; Strategy, Financial, Operational, Safety, Cultural and Entertainment.

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

**Company Secretary**

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

Gregory Field was appointed company secretary on 29 November 2016.

**Review of Operations**

The profit of the company for the financial year after providing for income tax amounted to \$922,978.

**New Accounting Standards Implemented**

The Company has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities has been applied in the current year, resulting in a change in disclosure form and content when compared to the financial statements presented for the year ended 30 June 2021.

**Significant Changes in the State of Affairs**

No significant changes in the company's state of affairs occurred during the financial year.

**Principal Activities**

The principal activities of the company during the financial year was that of a registered club. No significant change in the nature of these activities occurred during the year.

**Events Subsequent to the End of the Reporting Period**

No 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 other than those occurred in Note 17.

**Future Developments, Prospects and Business Strategies**

The club will continue to focus on delivering exceptional product and service in a family friendly customer service oriented environment. The Board will continue to review strategy and work on the governance model to ensure the club meets and exceeds industry best practice parameters.

The club uses industry accepted KPIs to monitor performance in terms of service delivery to members, financial results and liquidity levels.

**Environmental Regulation**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

FRATERNITY BOWLING AND RECREATION CLUB LIMITED

ABN: 56 001 005 545

DIRECTORS' REPORT

Indemnification of Officers

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 with the exception of directors and officers insurance payment of \$5,350 (Inclusive of GST).

Directors' Entitlements

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest with the exception of:

- Office National Wollongong of which Mick Cuda is a director supplied stationery to the Club:  
Total supplies for the year GST inclusive: \$9,119 (2021: \$18,233).

Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$2 each. At 30 June 2022 the number of members was 18,007 (2021: 21,932) as follows:

- Foundation members	23	- Associate members	4,215
- Perpetual members		2 - Life members	2
- Full members	13,765		
		Total members	<u>18,007</u>

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.

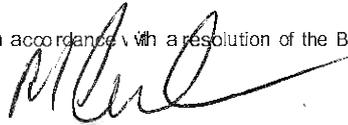
The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



Director



Dated this



day of



2022

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF**  
**THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRATERNITY BOWLING AND RECREATION CLUB**  
**LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Fraternity Bowling and Recreation Club Limited. As the lead audit partner for the audit of the financial report of Fraternity Bowling and Recreation Club Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Name of Firm O'DONNELL HENNESSY TAYLOR

Principal Auditor Angela Wang 

Date 4/10/22

Address WOLLONGONG  
\_\_\_\_\_  
\_\_\_\_\_

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Sales revenue	2	10,784,154	13,529,792
Other income	2	700,543	1,746,756
Cost of goods sold		(2,159,524)	(2,497,314)
Employee benefits expense		(4,257,925)	(5,358,767)
Depreciation and amortisation expense		(976,642)	(1,150,953)
Finance costs	3(a)	(33,564)	(75,301)
Other expenses	3(a)	(3,134,064)	(3,802,985)
<b>Profit before income tax</b>		922,978	2,391,228
Income tax (expense)	4(a)	-	-
<b>Profit for the year</b>		<u>922,978</u>	<u>2,391,228</u>
<b>Other comprehensive income:</b>			
Increase on revaluation of land and buildings		3,176,428	-
<b>Total other comprehensive income for the year</b>		<u>3,176,428</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>4,099,406</u></u>	<u><u>2,391,228</u></u>

The accompanying notes form part of these financial statements.

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	3,137,785	2,483,201
Trade and other receivables	7	122,419	53,142
Inventories	8	208,687	195,114
Other current assets	9	102,499	103,074
<b>TOTAL CURRENT ASSETS</b>		<u>3,571,390</u>	<u>2,834,531</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	10	10,750	10,750
Property, plant and equipment	11	24,418,479	21,231,937
Intangible assets	12	400,000	400,000
<b>TOTAL NON-CURRENT ASSETS</b>		<u>24,829,229</u>	<u>21,642,687</u>
<b>TOTAL ASSETS</b>		<u>28,400,619</u>	<u>24,477,218</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	924,460	785,233
Borrowings	14	1,100,000	600,000
Provisions	15	596,676	542,774
Income in advance		25,903	32,035
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,647,039</u>	<u>1,960,042</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	226,657	-
Borrowings	14	-	1,100,000
Provisions	15	128,508	118,167
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>355,165</u>	<u>1,218,167</u>
<b>TOTAL LIABILITIES</b>		<u>3,002,204</u>	<u>3,178,209</u>
<b>NET ASSETS</b>		<u>25,398,415</u>	<u>21,299,009</u>
<b>EQUITY</b>			
Reserves		16,633,745	13,457,317
Retained earnings (accumulated losses)		8,764,670	7,841,692
<b>TOTAL EQUITY</b>		<u>25,398,415</u>	<u>21,299,009</u>

The accompanying notes form part of these financial statements.

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022**

	Retained Earnings (accumulated losses)	Reserves	
		Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 July 2020 (reported)</b>	5,450,464	13,457,317	18,907,781
Adjustment due to change in accounting policy	-	-	-
<b>Balance at 1 July 2020 (restated)</b>	5,450,464	13,457,317	18,907,781
<b>Comprehensive income</b>			
Profit for the year	2,391,228	-	2,391,228
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	2,391,228	-	2,391,228
<b>Balance at 30 June 2021</b>	<u>7,841,692</u>	<u>13,457,317</u>	<u>21,299,009</u>
<b>Balance at 1 July 2021</b>	7,841,692	13,457,317	21,299,009
<b>Comprehensive income</b>			
Profit for the year	922,978	-	922,978
Other comprehensive income for the year	-	3,176,428	3,176,428
<b>Total comprehensive income for the year</b>	922,978	3,176,428	4,099,406
<b>Balance at 30 June 2022</b>	<u>8,764,670</u>	<u>16,633,745</u>	<u>25,398,415</u>

The accompanying notes form part of these financial statements.

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	11,415,420	15,651,750
Payments to suppliers and employees	(9,480,624)	(11,921,650)
Interest received	-	288
Finance cost	(33,564)	(75,301)
Net cash provided by operating activities	<u>1,901,232</u>	<u>3,655,087</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(646,648)	(574,122)
Net cash (used in)/provided by investing activities	<u>(646,648)</u>	<u>(574,122)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(600,000)	(2,073,454)
Net cash provided by/(used in) financing activities	<u>(600,000)</u>	<u>(2,073,454)</u>
Net increase/(decrease) in cash held	654,584	1,007,511
Cash and cash equivalents at beginning of financial year	2,483,201	1,475,690
Cash and cash equivalents at end of financial year	<u>6</u> <u>3,137,785</u>	<u>2,483,201</u>

The accompanying notes form part of these financial statements.

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

These financial statements and notes represent Fraternity Bowling and Recreation Club Limited. Fraternity Bowling and Recreation Club Limited is a company limited by guarantee, incorporated and domiciled in Australia

**Note 1 Summary of Significant Accounting Policies**

**Basis of Preparation**

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

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

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

**COVID -19**

COVID-19 has continued to have varied impact on operations of the company during the year. However, the company had implemented safeguards and procedures to minimize the risk of COVID exposure. During the year up until 30th June 2022, the company had experienced some cases of COVID-19. However, there was no adverse impact to the operation or financial positions of the company as a result of the exposures.

**(a) Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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**(b) Fair Value of Assets and Liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**(c) Inventories**

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

**(d) Property, Plant and Equipment**

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

**Property**

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are charge to the statement of profit or loss.

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

**Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2%
Plant and equipment	10-100%
Poker Machines	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(e) Leases (the Company as lessee)**

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

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs.

The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**(f) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.16.

**Classification and Subsequent Measurement**

**Financial liabilities**

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

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Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

#### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

#### **Financial assets**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings is documented appropriately, so that the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### **Equity instruments**

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company can make an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

##### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie it has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Impairment**

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

*General approach*

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- if there is no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* that do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

*Purchased or originated credit-impaired approach*

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Company measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

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Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

*Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

*Recognition of expected credit losses in financial statements*

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

**(g) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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**(h) Intangible Assets Other than Goodwill**

Intangible assets required separately are initially measured at cost. The cost of an intangible asset acquired is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any scheduled amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and thus accounted for on a prospective basis.

**(i) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**Retirement benefit obligations**

*Defined contribution superannuation benefits*

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 10.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

**(j) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(k) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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**(l) Revenue Recognition**

The Entity has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in this Note

*Operating grants, donations and bequests*

When the entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Interest income is recognised using the effective interest method.

**(m) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on determination of impairment losses.

**(n) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

**(o) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(p) Goods and Services Tax (GST)**

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

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 included in receipts from customers or payments to suppliers.

**(q) Comparative Figures**

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities**

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

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**(r) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

**Key Estimates**

*(i) Impairment*

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**Key Judgements**

*(i) Provision for impairment of receivables*

No provision for impairment has been made.

*(ii) Poker machine licences*

The entity holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW Government. AIFRS requires that licences outside of a pre-AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss statement to recognise the grant immediately as income. Prior to new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre-April 2002 was zero. Should licences be granted to the entity post April 2002 they will be initially recognised at their fair value. The entity has determined that the market value for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 2 Revenue and Other Income**

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	2022	2021
	\$	\$
<b>(a) Sources of revenue</b>		
Total interest received	-	288
Bar sales	1,344,270	1,725,653
Food & catering sales	4,367,307	4,832,836
Poker machine revenue	4,753,544	6,543,723
Members subscriptions	51,806	96,228
Social and entertainment income	106,573	92,716
Sports income	7,736	16,700
Commission & rebate income	152,918	221,648
<b>Total revenue</b>	<b>10,784,154</b>	<b>13,529,792</b>
<b>(c) Other income</b>		
— Rental income	17,934	18,725
— Poker Machine GST compensation	17,180	17,180
— Insurance proceeds	47,236	-
— COVID govt grants	567,825	1,698,800
— Other income	50,368	12,051
<b>Total other income</b>	<b>700,543</b>	<b>1,746,756</b>

**Note 3 Profit before Income Tax**

	2022	2021
	\$	\$
<b>(a) Expenses</b>		
Cost of Sales	2,159,524	2,497,314
Interest expense for financial liabilities not at fair value through profit or loss		
— external entities	33,564	75,301
Total finance costs	33,564	75,301
Employee benefits expense	4,257,925	5,358,767
<b>Other expenses:</b>		
— Auditors remuneration - audit fees	23,180	24,139
— Auditors remuneration - other	1,000	976
— Poker machine tax	858,285	1,263,034
— Advertising & promotional expenses	121,779	140,013
— Donations	83,447	136,417
— Maintenance costs	206,611	194,623
— Entertainment expenses	158,413	139,070
— Members expenses	32,746	11,034
— Bar indirect expenses	4,976	5,336
— Catering indirect expenses	154,273	138,168
— Gaming indirect expenses	132,953	167,673
— Other operating expenses	1,354,141	1,514,194
Total other expenses	3,131,804	3,734,677
<b>(b) Significant Revenue and Expenses</b>		
The following significant revenue and expense items are relevant in explaining the financial performance:		
— Loss on disposal of property, plant and equipment	2,260	68,308

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 4 Income Tax Expense**

	2022	2021
	\$	\$
(a) The club pays tax on income derived other than from members. The club has accumulated tax losses. The income tax position is as follows: Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
— tax losses prior years	186,109	165,526
— current year (income tax gain)/tax loss	71,306	20,583
— timing differences	16,588	15,293
	274,003	201,402

**Note 5 Key Management Personnel Compensation**

The totals of remuneration paid to key management personnel (KMP) of the Company during the year are as follows:

Key management personnel compensation

CUDA, Mick	Director (honorarium)
SACCO, Concetta	Director (honorarium)
SALUCCI, Emilio	Director (honorarium)
TREVISI, Dario	Director (honorarium)
APOLLONI, John	Director (honorarium)
AKELE, John	Director (honorarium)
IANNI, James	Director (honorarium)
FERRARI, Giovanni	Director (honorarium)
FRINO, Alessandro	Director (honorarium)
FIELD, Greg	Secretary/General Manager (Remunerated)

	2022	2021
	\$	\$
Key management personnel compensation	184,018	191,700
	184,018	191,700

**Other KMP Transactions**

For details of other transactions with KMP, refer to Note 18: Related Party Transactions.

**Note 6 Cash and Cash Equivalents**

	2022	2021
	\$	\$
CURRENT		
Cash at bank and on hand	2,787,785	2,133,201
Cash on hand	350,000	350,000
	3,137,785	2,483,201

An amount of \$513,186 was held for exclusive coverage of employee entitlements only as at 30th June 2022.

**Note 7 Trade and Other Receivables**

	2022	2021
	\$	\$
CURRENT		
Trade receivables	27,360	10,485
Other receivables	95,059	42,657
Total current trade and other receivables	122,419	53,142

**Note 8 Inventories**

	2022	2021
	\$	\$
CURRENT		
At cost:		
Stock on hand	208,687	195,114
	208,687	195,114

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 9 Other Assets**

	2022	2021
	\$	\$
CURRENT		
Prepayments	102,499	103,074
	102,499	103,074

**Note 10 Financial Assets**

	2022	2021
	\$	\$
NON-CURRENT		
Investments in equity instruments designated as at fair value through other comprehensive income	10,000	10,000
Other Investments	750	750
Total non-current assets	10,750	10,750

**Note 11 Property, Plant and Equipment**

	2022	2021
	\$	\$
<b>LAND AND BUILDINGS</b>		
Freehold land at:		
— independent valuation 2022	5,110,470	4,210,470
— Freehold land - at cost	879,530	879,530
— Freehold land 15 Bourke Street - at cost	310,000	310,000
Total land	6,300,000	5,400,000

Buildings at:

— independent valuation 2022	11,284,077	9,007,649
— at cost	19,086,067	18,727,234
— Reduction in fair market value of land and buildings	(8,088,969)	(8,088,969)
Accumulated depreciation	(5,781,175)	(5,354,717)
Total buildings	16,500,000	14,291,197
Total land and buildings	22,800,000	19,691,197

**PLANT AND EQUIPMENT**

Plant and equipment:

At cost	3,024,339	2,866,412
Accumulated depreciation	(2,071,722)	(1,873,654)
	952,617	992,758

Poker machines

At cost	3,246,656	2,931,148
Accumulated depreciation	(2,580,862)	(2,383,254)
	665,794	547,894

Motor vehicles

At cost	21,644	21,644
Accumulated depreciation	(21,576)	(21,556)
	68	88

Total plant and equipment	1,618,479	1,540,740
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Total property, plant and equipment	24,418,479	21,231,937
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**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**(a) Movements in carrying amounts**

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

	Freehold		Plant and Equipment, Poker Machines and Motor	Total
	Land	Buildings	Vehicles	
	\$	\$	\$	\$
Balance at 1 July 2020	5,400,000	14,319,082	2,157,993	21,877,075
Additions	-	391,499	183,316	574,815
Disposals - written down value	-	-	(69,000)	(69,000)
Depreciation expense	-	(419,384)	(731,569)	(1,150,953)
Carrying amount at 30 June 2021	5,400,000	14,291,197	1,540,740	21,231,937
Balance at 1 July 2021	5,400,000	14,291,197	1,540,740	21,231,937
Additions	-	358,830	630,186	989,016
Disposals - written down value	-	-	(2,260)	(2,260)
Revaluation increments/(decrements)	900,000	2,276,428	-	3,176,428
Depreciation expense	-	(426,455)	(550,187)	(976,642)
Carrying amount at 30 June 2022	6,300,000	16,500,000	1,618,479	24,418,479

**(b) Asset revaluations**

Land and buildings are carried in the balance sheet at fair value less accumulated impairments and applicable depreciation.

Land and buildings were independently valued on 30th June 2022 at market value of \$22,800,000 (Land \$6,300,000 and building \$16,500,000) by Jeff Millar (AAPI) (Certified Practising Valuer No:67391) of Global valuation services. The valuation was determined as an appropriate figure to be used in determining the fair value in accordance with Accounting Standards AASB 116.

**Note 12 Intangible Assets**

	2022	2021
	\$	\$
Poker machine entitlements	400,000	400,000
Carrying amount	400,000	400,000

The Club purchased 15 poker machine entitlements on 4th March 2019. The purchase price was \$400,000 (exclusive of GST). These poker machine entitlements have been measured at cost. The cost of the entitlements acquired is its fair value at the date of acquisition. The poker machine entitlements are with indefinite useful lives and therefore, will be tested for impairment annually at the cash-generating unit level. The entitlements are not amortised.

**Note 13 Trade and Other Payables**

	2022	2021
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	169,083	155,793
Sundry payables and accrued expenses	353,192	349,026
GST payables	278,554	272,494
Gaming machines payable	123,631	7,920
	924,460	785,233
<b>NON-CURRENT</b>		
Unsecured liabilities		
Gaming Machines payable	226,657	-
	226,657	-

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 14 Borrowings**

	Note	2022 \$	2021 \$
<b>CURRENT</b>			
Finance loan secured - CBA Loan		1,100,000	600,000
Total current borrowings		<u>1,100,000</u>	<u>600,000</u>
<b>NON-CURRENT</b>			
Finance loan secured - CBA Loan		-	1,100,000
Total non-current borrowings		<u>-</u>	<u>1,100,000</u>
Total borrowings	19	<u>1,100,000</u>	<u>1,700,000</u>
<b>(a) The carrying amounts of non-current assets pledged as security are:</b>			
Freehold land and buildings	11	22,800,000	19,691,197
Floating charge			
— trade receivables	7	27,360	10,485
		<u>22,827,360</u>	<u>19,701,682</u>

(b) As at 1st November 2019, Commonwealth bank of Australian approved a change to the terms of club's lending facility. The current facility limit is \$4,600,000. The term of the facility is 3 years terminates on 09/12/2022 and the repayments are \$150,000 per quarter leaving a residual loan balance of \$2,000,000. The company had a net loan balance of \$1,100,000 as at 30th June 2022. This was made of gross loan balance of \$3,100,000 less special repayments of \$2,000,000 which was available to be redrawn as at 30th June 2022.

(c) The above loans were secured under First Registered Mortgage by The Fraternity Bowling and Recreation Club Ltd over Non Residential Real Property located at 11 Bourke St Fairy Meadow NSW 2519 as well as first ranking charge over all present and after acquired property of the company.

**Note 15 Provisions**

	2022 \$	2021 \$
<b>CURRENT</b>		
Provision for annual & RDO leave	432,136	358,214
Provision for long service leave	164,540	184,560
Total current provisions	<u>596,676</u>	<u>542,774</u>
<b>NON-CURRENT</b>		
Provision for long service leave	128,508	118,167
Total non-current provisions	<u>128,508</u>	<u>118,167</u>

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

**Note 16 Contingent Liabilities and Contingent Assets**

(a) The Company has outstanding security deposit guarantees of \$5,000 as at 30 June 2022 (2021: \$5,000).

**Note 17 Events After the Reporting Period**

The directors are not aware of any significant events since the end of the reporting period.

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 18 Related Party Transactions**

The Company's main related parties are as follows:

**(a) Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

**(b) Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

**Transactions with related parties:**

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

The following transactions occurred with related parties:

	2022	2021
	\$	\$
<b>i. Purchase of goods and services</b>		
<b>Other Related Parties:</b>		
Office National Wollongong (Mick Cuda)	9,119	18,233

**Note 19 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and loans.

The total amount for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022	2021
		\$	\$
<b>Financial Assets</b>			
Financial assets at amortised cost:			
— Cash and cash equivalents	6	3,137,785	2,483,201
— Trade and other receivables	7	122,419	53,142
Investments in equity instruments designated as at fair value through other comprehensive income:			
— listed investments	10	10,000	10,000
— unlisted investments	10	750	750
		10,750	10,750
<b>Total Financial Assets</b>		3,270,954	2,547,093
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
— Trade and other payables	13	1,151,117	785,233
— Borrowings	14	1,100,000	1,700,000
		2,251,117	2,485,233

- (i) For freehold land, the fair values have been determined by an independent valuer based on a market approach using recent observable market data for similar properties. Significant inputs used are price per hectare.
- (ii) For buildings, the fair values have been determined by an independent valuer based on a market approach using recent observable market data for similar properties. Significant inputs used are price per square metre.

**Note 20 Reserves**

**a. Revaluation Surplus**

The revaluation surplus records revaluations of non-current assets.

**Note 21 Segment Reporting**

The company operates in one industry. The principal activity being that of a licensed club providing gaming, bar, dining, and entertainment facilities for members and their guests. It derives its income from one geographic location i.e. Fairy Meadow.

**Note 22 Members Guarantee**

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$2.00 each. At 30 June 2022, the number of members was 18,007 (2021: 21,932)

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 23 Additional Information Required Under the Registered Clubs Act 1976**

Pursuant to Section 41J (2) of the Registered Clubs Act for the financial year ended 30 June 2022:

The following property is core property of the Club;

(i) Licensed physical premises and land to the North, South and East of the club building at 11 Bourke Street, Fairy Meadow.

The following property is non-core property of the Club;

(i) The club's main carpark to the West of the club building at 11 Bourke Street, Fairy Meadow.

**Note 24 Company Details**

The Company is domiciled and incorporated in Australia. The registered office of the company is:

Fraternity Bowling and Recreation Club Limited  
11 Bourke Street, Fairy Meadow NSW 2519

The principal place of business is:

Fraternity Bowling and Recreation Club Limited  
11 Bourke Street, Fairy Meadow NSW 2519

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED ABN: 56 001 005 545**  
**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF**  
**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**

**Opinion**

We have audited the financial report of Fraternity Bowling and Recreation Club Limited (the Company), which comprises the statement of financial position as at 30 June 2022, statement of 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 significant 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 30 June 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards - AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Regulations 2001.

**Basis for Opinion**

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Fraternity Bowling and Recreation 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 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

**FRATERNITY BOWLING AND RECREATION CLUB LIMITED**  
**ABN: 56 001 005 545**  
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Fraternity Bowling and Recreation Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 23, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards - Simplified Disclosures; and
  - (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



Director



Dated this

 day of October 2022

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

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

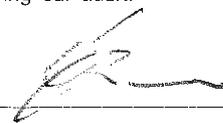
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Auditor's name and signature:

ANGELA WANG



Name of firm:

O'DONNELL HENNESSY TAYLOR

Address:

WOLLONGONG

Dated this



day of



2022

# Chairman's Report

Dear Members,

On behalf of the Board of Directors, it is a pleasure once again to present the members of the Fraternity Club the Annual Report for the Financial year 30th June 2022, to be presented at the Annual General Meeting on the 21st November 2022.

This year we were once again met with some challenges with the COVID pandemic resulting in NSW Health orders closing the Club from 26th June until 11th October 2021.

The Financial result for the 2021/2022 year was a net profit of \$922,978 which the Board was most pleased with considering the circumstances understanding there was some government support.



If we add back depreciation and Interest the EBITDA presents a solid increase in the Clubs' current cash position.

Interestingly, when you reflect back to August 2008, when the Receiver Rob Brennan was appointed the Clubs debts were at approx. \$13 million. At the time of writing this report our debts are currently positioned at approx. 1million dollars. Given the many improvements the Board has undertaken to the Club facility over the years, which has been financed purely by cash flow we have as an organisation moved forward in leaps and bounds and this is all due to the special support from members and patrons.

Like most businesses, the Club has experienced some significant staffing shortages due to COVID illness. The team have been outstanding overcoming these shortcomings and we have been somewhat fortunate due to our strong brand that we have been able to employ additional staffing to meet the demands.

# Chairman's Report (cont.)

The Board are currently reviewing some opportunities which have presented recently whilst focusing on three key areas such as;

- Making a contribution to the community
- Continued Financial performance of the Club
- Satisfaction of its employees and implementing a mental health support program

A big thank you to the Board for their support and continued efforts during the year. It is truly appreciated.

Our commitment to our local community and beyond continued throughout the last financial year through our Clubs Grants donations which assisted many community organisations and the many sporting teams the Club supports.

To Greg, our Management team and all our staff a big thank you from all the Board for all your contributions during the year.

Finally, to our special members and associations we thank you sincerely for your loyalty and support and patronage.

Mick Cuda  
Fraternity Club President

# General Managers Report

Dear Members,

Another financial year that was impacted by the COVID pandemic with the club shutdown from July to mid-October in 2021 and various restrictions in place until December. Hopefully, this will be the last time I will have to mention shutdowns in my report.

Our net operating profit for the year was \$922,978 which was a great result given the circumstances. In June 2022, we had the club revalued as per the auditor's recommendations and the increase in the value resulted in an accounting profit of \$4,099,406 for the 2021-22 year.



The Fraternity Club continued its' important role as part of the local community. This year saw Castagne Day return with great numbers and more recently the club was buzzing with the 'Italian Corner' action during the UCI world road cycling championships. Catering revenue for the year was again very strong with over \$4.3 million in sales.

Thanks to your votes, for the second year running, we were the State winners of the CLUBS NSW Perfect Plate awards for the dish Ravioli Di Manzo. This award is not only recognition of a fantastic dish, but also of the great food that is delivered daily, all year round.

During the year the club was able to help several community organisations including: Greenacres, Southern Youth Family Services, the MultiCultural Council of Illawarra, Miracle Babies, Corrimal Rotary and many others. The support of local sporting organisations is also important for the club.

This year we were able to help all our local football teams, Wollongong Wolves FC, Port Kembla FC, Corrimal Rangers FC, Albion Park White Eagles FC and the Port Pumas FC. We were also the naming rights sponsor of the Illawarra Premier League competition as part of our ongoing partnership with Football South Coast. We sponsored other local sporting groups including, Illawarra Cricket and specifically the Illawarra Women's Cricket team, Corrimal Cougars JRFC and Illawarra Darts.

# General Managers Report (cont.)

I would also like to thank all of our sponsored teams for their continued support of the Fraternity Club. During a season that was affected by covid and then by record rain levels, the sporting clubs did the best they could to attend and support the club.

I would like thank President Mick Cuda and the Board for their commitment and assistance during a very difficult time. We were able to support the staff through 2 years of covid hardship and the Board's help was much appreciated. The club's success is in no small part due to the Board's good governance and guidance.

I am very proud to be able to lead such a wonderful group of staff. The management team and all the staff work exceptionally well to provide the members and guests with friendly and efficient service. Your hard work does not go un-noticed and I appreciate each staff member for their valued contribution.

As always, I would like to thank you, the members, for your continued loyal support, without which the club would not be the success it is today. I look forward to seeing you in the new year for what will be the club's 70th year.

Greg Field  
General Manager

# Supporting Our Local Community

The Fraternity Club is very proud to be an integral part of the local community and is happy to support many local organisations.

This year we were able to help the Multi Cultural Community of Illawarra through the School Cooking program at Corrimal High School. This program allowed teams of students to work with volunteers to create and cook a meal in the challenge.



We were also able to support a special program focussing on Suicide Prevention for young adults in sport. This is a cause very close to many members of the Fraternity Club. The Global Alliance Mental Health organisation was able to run programs with 20 local football teams in the Illawarra thanks to the Fraternity Club's support and the efforts of Port Kembla Football Club.

Other organisations supported during the year include:

- ITSOWEL
- Childrens Book Council
- Corrimal Rotary Club
- Cancer Patients Foundation
- Gulliani Association
- Football South Coast
- Wollongong Wolves Football Club
- Port Kembla FC
- Corrimal Rangers FC
- Albion Park White Eagles FC
- Illawarra Darts Association
- Illawarra Cricket Association

# Staff

We have a wonderful staff team here at the Fraternity Club and they are all working hard to make sure that every visit to the club is an enjoyable one.

Here are a few photos of our team, both new and experienced.

*Happy 69th Birthday for the Club*



*Luciano in the Main Lounge*



*Left: Celebration with some of our most longest serving staff*



*Left & Right: UCI Road Racing World Championships 2022*



# Castagne Day Highlights

Castagne Day returned after two disrupted years with great success, selling over 1.6 tonne of Castagne.

The weather held off and we managed to have a fantastic family day. Thank you once again to all the Board of Directors, the many volunteers and the staff for helping us put on a fantastic day for our community to enjoy.

A special mention to Donato Gaudiosi for his work in adding to the roasting equipment. The extra barrel sure helped during the day.

We can't wait to celebrate again with you all next year.



# Perfect Plate Awards 2022



The Fraternity Club's La Trattoria has again decimated competition to take out the Perfect Plate award for 2022.

The win means the Frat receives top bragging rights for the second year in a row, taking out the number one position in the NSW medium club category. The winning dish is a must to try.

Ravioli di Manzo was specially created as the club's entry into the competition. It features rich porcini mushrooms in a creamy sauce, paired with succulent beef encased in al dente ravioli pasta - hand crafted to perfection.

Executive chef, Mauri Villella, claims that the win is a victory for the entire Fraternity Club.



"We're a family at our club, so it was a feeling of satisfaction for all of us," said Mauri.

"It was especially satisfying for us in the kitchen, but also the front of house staff too.

"Without the support of our members this win would not have been possible. Our members are so loyal. We are a busy club with a focus on quality food. To see that our members have voted for this dish, and to bring this year's award back home for our club in Wollongong is fantastic."