

Port Macquarie Golf Club Limited

ABN: 76 000 100 854

Financial Statements

For the Year Ended 30 June 2022

Port Macquarie Golf Club Limited

ABN: 76 000 100 854

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For the Year Ended 30 June 2022

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Port Macquarie Golf Club Limited

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Directors' Report

30 June 2022

The directors present their report on Port Macquarie Golf Club Limited for the financial year ended 30 June 2022.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Bill MacDonald

Qualifications Retired Real Estate Agent, JP, 29 years NSW Justice Association
Experience Director for 24 years. Resigned November 2011
Special responsibilities President

Gordon Bain

Qualifications Business Proprietor, Bachelor of Business (Banking & Finance)
Experience Director for 6 years, 17 years previous Director experience
Special responsibilities Treasurer & Finance Committee Chairperson

Glenys Cummings

Qualifications Retired Accountant, Bachelor of Commerce majoring in Accounting and IT
Experience Director for 10 years

Paul Atkin

Qualifications Retired Soldier, 20 years Australian Army, Real Estate Agent
Experience Director for 7 years
Special responsibilities Vice Captain

Neil Smith

Qualifications Retired Business Hotel Proprietor
Experience Director for 6 years
Special responsibilities Captain

Adri Fouche

Qualifications Commercial Contract Specialist, Bachelor of Jurisprudence, Bachelor of Laws,
Graduate Diploma in Legal Practice
Experience Appointed 20 October 2020, 2 years previous Director experience

Les Murphy

Qualifications Retired Business Hotel Proprietor
Experience Director for 3 years

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Directors' Report

30 June 2022

Information on directors

John Cullinane

Qualifications Licenced Motor Vehicle Assessor (Member of Institute of Automotive Mechanical Engineers)

Experience Director for 3 years

Nick Ratcliffe

Qualifications Diploma of Teaching. Bachelor of Applied science (Physiotherapy)

Experience Appointed Nov 2021

Lindsay Verdon

Qualifications Business Proprietor. Director of Verdon Lesiure Consulting. Retired 20 years Head of Hospitality Design for Paynter Dixon Constructions

Experience Appointed 20 October 2020. Previously Director for 16 years at Castle Hill Country Club.

Special responsibilities Course Chair

Anthony Hayward

Qualifications Former GM, Port Macquarie Hastings Council

Experience Appointed November 2021. Resigned January 2022

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

Principal activities

The principal activity of Port Macquarie Golf Club Limited during the financial year was the conduct of a licensed Golf Club and the development and promotion of the game of golf on the Mid North Coast of New South Wales.

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

Short term objectives

The Company's short term objectives are to:

- be a sustainable and socially responsible Club providing members and the community with a premier golf course supported by a profitable hospitality business; and
- support the local community by providing first class golfing and recreational facilities, as well as social activities to suit everyone in a comfortable, safe and friendly environment.

Long term objectives

The Company's long term objectives are to:

- ensure the continued provision of appropriate members' facilities through capital investment.

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Directors' Report

30 June 2022

Strategy for achieving the objectives

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

- promotion of local golf tournaments, including weekly events, the Seaside Classic and Pro-Am, inter-club tournaments and Pennant events;
- engage suitably qualified and experienced employees to maintain course and house facilities to at least championship standard and satisfy both environmental and occupational health and safety standards;
- annual development of a detailed financial budget for operation, capital and cash flow management to ensure the Club operates within its financial capabilities, maintains profitability and positive operating cash flows;
- actively promote the Golf Club's facilities and course events to its members and the wider community and to encourage new membership from all demographics from our community. Actively encourage both male and female junior participation through our junior development program and school sport; and
- establishment of strategic plan and quarterly review of strategic plan progress.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- the profit and cash flows generated from the Company's principal activities were utilised in achieving the Company's objectives.

Performance measures

The following measures are used within the Company to monitor performance:

- comparing actual monthly results to budgets; and
- review key performance indicators such as gross profit margins, key income areas and revenue ratios, being green fees, net bar and poker machine operations, and detailed analysis of wages to budget and course operations.

Members' guarantee

Port Macquarie Golf Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 for members that are corporations and \$ 2 for all other members, subject to the provisions of the company's constitution.

At 30 June 2022 the collective liability of members was \$ 6,798 (2021: \$ 6,896).

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Directors' Report

30 June 2022

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Bill MacDonald	4	4
Gordon Bain	12	12
Glenys Cummings	4	4
Paul Atkin	12	9
Neil Smith	12	11
Adri Fouche	12	10
Les Murphy	12	12
John Cullinane	12	10
Nick Ratcliffe	8	3
Lindsay Verdon	12	11
Anthony Hayward	2	2

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 5 of the financial report.

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

Director:
Paul Atkin

Director:
Gordon Bain

Dated this day of 2022

Port Macquarie Golf Club Limited

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Port Macquarie Golf Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

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

Matthew Edwards CPA
Partner
Registered Company Auditor (461719)
PDD Advisory Group
14 Short Street, Port Macquarie NSW 2444

Dated this day of2022

Port Macquarie Golf Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	4	6,524,487	7,040,434
Administration		(78,525)	(83,892)
Advertising		(27,040)	(22,061)
Catering expenses		(242,323)	(219,991)
Cleaning		(81,237)	(67,475)
Club house repairs and maintenance		(38,911)	(52,938)
Communications		(8,059)	(7,954)
Cost of sales	5	(426,779)	(488,227)
Course repairs and maintenance		(131,919)	(171,528)
Depreciation and amortisation expense	5	(594,134)	(580,109)
Employee benefits expense	5	(1,771,328)	(1,945,590)
Finance expenses	5	(15,785)	(15,785)
Freight and cartage		(2,508)	(2,818)
Insurance		(133,585)	(119,157)
Keno		(3,480)	(2,418)
Net loss on disposal of property, plant and equipment	5	(11,563)	(2,995)
Other course expenses		(118,437)	(137,572)
Other operating expenses		(197,441)	(205,201)
Poker machine payouts		(1,866,417)	(1,941,701)
Poker machine expenses		(39,422)	(110,039)
Pro shop commissions		(141,996)	(146,700)
Promotions		(68,644)	(24,627)
Property and water rates		(32,521)	(29,130)
Seaside Classic tournament		-	(193)
Security services		(16,904)	(18,535)
Staff amenities		(26,368)	(44,947)
TAB		(14,066)	(21,485)
Training and development		(12,060)	(17,954)
Trophy expenses		(169,902)	(166,534)
Utilities		(117,514)	(128,546)
Profit before income tax		135,619	264,332
Income tax expense		-	-
Profit from continuing operations		135,619	264,332
Profit for the year		135,619	264,332
Other comprehensive income, net of income tax			
Total comprehensive income for the year		135,619	264,332

The accompanying notes form part of these financial statements.

Port Macquarie Golf Club Limited

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Statement of Financial Position As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,353,836	846,507
Trade and other receivables	7	20,188	28,824
Inventories	8	80,172	65,576
Other assets	11	72,264	63,013
TOTAL CURRENT ASSETS		1,526,460	1,003,920
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,993,029	4,322,339
Intangible assets	10	93,642	93,642
TOTAL NON-CURRENT ASSETS		4,086,671	4,415,981
TOTAL ASSETS		5,613,131	5,419,901
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	310,101	366,491
Lease liabilities	12	109,666	63,510
Short-term provisions	15	276,443	277,723
Employee benefits	17	199,017	160,079
Other financial liabilities	16	704,568	643,099
TOTAL CURRENT LIABILITIES		1,599,795	1,510,902
NON-CURRENT LIABILITIES			
Employee benefits	17	20,396	51,678
TOTAL NON-CURRENT LIABILITIES		20,396	51,678
TOTAL LIABILITIES		1,620,191	1,562,580
NET ASSETS		3,992,940	3,857,321
EQUITY			
Retained earnings		3,992,940	3,857,321
TOTAL EQUITY		3,992,940	3,857,321

The accompanying notes form part of these financial statements.

Port Macquarie Golf Club Limited

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Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings
	\$
Balance at 1 July 2021	<u>3,857,321</u>
Profit attributable to members of the entity	<u>135,619</u>
Balance at 30 June 2022	<u><u>3,992,940</u></u>

2021

	Retained Earnings
	\$
Balance at 1 July 2020	<u>3,592,989</u>
Profit attributable to members of the entity	<u>264,332</u>
Balance at 30 June 2021	<u><u>3,857,321</u></u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	6,532,973	7,489,267
Payments to suppliers and employees	(5,779,776)	(6,221,004)
Interest received	148	61
Finance costs	(15,785)	(15,785)
Net cash provided by/(used in) operating activities	22 <u>737,560</u>	<u>1,252,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	19,540
Purchase of property, plant and equipment	(276,387)	(391,466)
Net cash provided by/(used in) investing activities	<u>(276,387)</u>	<u>(371,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	84,150	-
Repayment of borrowings	(37,994)	(261,633)
Net cash provided by/(used in) financing activities	<u>46,156</u>	<u>(261,633)</u>
Net increase/(decrease) in cash and cash equivalents held	507,329	618,980
Cash and cash equivalents at beginning of year	846,507	227,527
Cash and cash equivalents at end of financial year	6 <u>1,353,836</u>	<u>846,507</u>

The accompanying notes form part of these financial statements.

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

The financial report covers Port Macquarie Golf Club Limited as an individual entity. Port Macquarie Golf Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Port Macquarie Golf Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 27 September 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Revenue from contracts with customers

For current year

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

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

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

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

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

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(e) Inventories

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

(f) 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.

Land and buildings

Land and buildings are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Class of Fixed Asset	Depreciation Rate
Buildings and freehold improvements	2.5% - 10%
Plant and equipment	10% - 33%
Leased plant and equipment	20% - 50%

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

(g) Financial instruments

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL

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

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Financial assets through profit or loss

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

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

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

(h) Impairment of non-financial assets

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(h) Impairment of non-financial assets

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

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

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

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

(i) Intangible Assets

Poker machine licences are recognised at cost of acquisition. Poker machine licences are tested annually for impairment and carried at cost less accumulated impairment losses.

(j) Cash and cash equivalents

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

(k) Leases

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

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(k) Leases

- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

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

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

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

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

Exceptions to lease accounting

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

(l) Employee benefits

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

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

(m) 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.

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(n) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions 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 estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

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Notes to the Financial Statements For the Year Ended 30 June 2022

4 Revenue and Other Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue		
Sale of goods	<u>1,048,001</u>	<u>1,131,037</u>
	1,048,001	1,131,037
Other revenue		
- cart hire & storage	211,533	231,979
- catering income	571,079	565,758
- commissions	12,736	15,764
- competition fees	703,974	691,883
- course & green fees	295,377	315,856
- function room hire	9,269	306
- golf membership fees	891,662	816,249
- interest income	148	61
- keno income	25,034	24,614
- poker machine income	2,481,422	2,785,243
- promotions income	7,893	5,261
- social member subscriptions	21,555	21,356
- sponsorship	37,877	35,601
- TAB income	8,806	12,501
- other revenue	90,121	116,866
- COVID support Jobsaver, Jobkeeper etc.	<u>108,000</u>	<u>270,099</u>
	5,476,486	5,909,397
Total Revenue	<u>6,524,487</u>	<u>7,040,434</u>

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Cost of sales		
Cost of sales	426,779	488,227
Finance costs		
Bank charges	15,395	15,708
Finance lease charges	390	77
	<u>15,785</u>	<u>15,785</u>
Depreciation & amortisation		
Depreciation	573,022	550,633
Amortisation	21,113	29,476
	<u>594,135</u>	<u>580,109</u>
Employee benefits expense		
Basic	1,502,518	1,663,047
Leave pay provision charge	109,061	121,970
Superannuation contributions	159,749	160,574
	<u>1,771,328</u>	<u>1,945,591</u>
Net loss on disposal of property, plant and equipment		
Net loss on disposal of property, plant and equipment	11,563	2,995

6 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	1,336,901	830,341
Other cash and cash equivalents	16,935	16,166
	<u>1,353,836</u>	<u>846,507</u>

7 Trade and other receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	16,241	24,876
Other receivables	3,947	3,948
	<u>20,188</u>	<u>28,824</u>

Port Macquarie Golf Club Limited

ABN: 76 000 100 854

Notes to the Financial Statements For the Year Ended 30 June 2022

8 Inventories

	2022	2021
	\$	\$
CURRENT		
At cost:		
Bar stock	30,718	33,036
Catering stock	25,939	10,298
Course stock	23,515	22,242
	<u>80,172</u>	<u>65,576</u>

9 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	645,399	645,399
Total Land	<u>645,399</u>	<u>645,399</u>
Buildings		
At cost	5,571,445	5,534,769
Accumulated depreciation	(3,487,029)	(3,272,137)
Total buildings	<u>2,084,416</u>	<u>2,262,632</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	66,906	33,723
Total capital works in progress	<u>66,906</u>	<u>33,723</u>
Capitalised leased plant and equipment		
At cost	155,340	78,840
Accumulated depreciation	(34,073)	(12,960)
Total capitalised leased plant and equipment	<u>121,267</u>	<u>65,880</u>
Plant and equipment		
At cost	3,986,308	3,901,656
Accumulated depreciation	(2,911,267)	(2,586,951)
Total plant and equipment	<u>1,075,041</u>	<u>1,314,705</u>
Total property, plant and equipment	<u>3,993,029</u>	<u>4,322,339</u>

Port Macquarie Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

9 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Capital Works in Progress	Land	Buildings & Improvements	Leased Plant & Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Balance at the beginning of year	33,723	645,399	2,262,632	65,880	1,314,705	4,322,339
Additions	67,968	-	5,526	76,500	126,393	276,387
Disposals	(3,635)	-	-	-	(7,928)	(11,563)
Transfers	(31,150)	-	31,150	-	-	-
Depreciation/amortisation expense	-	-	(214,892)	(21,113)	(358,129)	(594,134)
Balance at the end of the year	66,906	645,399	2,084,416	121,267	1,075,041	3,993,029
	Capital Works in Progress	Land	Buildings & Improvements	Leased Plant & Equipment	Plant & Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021						
Balance at the beginning of year	47,450	645,399	2,443,547	87,433	1,309,688	4,533,517
Additions	33,569	-	38,006	78,840	285,352	435,767
Disposals	-	-	-	-	(19,540)	(19,540)
Depreciation/amortisation expense	-	-	(218,921)	(100,393)	(260,795)	(580,109)
WIP transferred to asset register	(47,296)	-	-	-	-	(47,296)
Balance at the end of the year	33,723	645,399	2,262,632	65,880	1,314,705	4,322,339

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

10 Intangible Assets

	2022	2021
	\$	\$
Poker machine licenses at cost	93,642	93,642
Accumulated amortisation	-	-
Total Intangibles	93,642	93,642

(a) Poker Machine Licenses

Poker machine licenses have been determined to have indefinite useful lives as the Company has no intention to sell poker machine entitlements.

11 Other Assets

	2022	2021
	\$	\$
CURRENT Prepayments	72,264	63,013
	72,264	63,013

Port Macquarie Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Leases

Company as a lessee

The Company has leases over poker machines and golf carts.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Company currently has the following assets under lease agreements:

- 2 poker machines, both started in December 2020. Each machine has a total liability of \$39,420 with terms of 36 months

- 9 golf carts, which commenced in March 2022. Each cart has a total liability of \$9,350 with the lease terms are 48 months.

The Company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.

Lease liabilities

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

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
2022					
Lease liabilities	44,898	64,768	-	109,666	109,666
2021					
Lease liabilities	26,280	37,230	-	63,510	63,510

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

13 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	145,087	173,026
GST payable	49,577	45,404
Employee benefits	57,630	60,807
Accrued expenses	18,223	23,456
Junior fund	24,595	21,299
Other payables	14,989	42,499
	<u>310,101</u>	<u>366,491</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Borrowings

Summary of borrowings

The bank loan is a variable interest only facility with a redraw limit of \$1,000,000 which expires May 2023. This loan is secured by registered first mortgage over the freehold land and buildings of the Company and a registered first equitable mortgage over the assets of the Company.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

(a) The carrying amounts of non-current assets pledged as collateral for liabilities are:

	2022	2021
	\$	\$
First Mortgage:		
- freehold land and buildings	2,796,721	2,941,754
- leased plant and equipment	121,267	65,880
Floating charge:		
- plant and equipment	1,075,041	1,314,705
	<u>3,993,029</u>	<u>4,322,339</u>

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

15 Provisions

	2022	2021
	\$	\$
CURRENT Provisions	276,443	277,723
	<u>276,443</u>	<u>277,723</u>

Provisions

Provisions are made up of gaming jackpots and other club accounts and activities.

16 Other Financial Liabilities

	2022	2021
	\$	\$
CURRENT Amounts received in advance	704,568	643,099
Total	<u>704,568</u>	<u>643,099</u>

17 Employee Benefits

(a) Employee benefits - current liabilities

	2022	2021
	\$	\$
Current liabilities		
Long service leave	68,387	41,748
Provision for employee benefits	130,630	118,331
	<u>199,017</u>	<u>160,079</u>

(b) Employee benefits - non-current liabilities

	2022	2021
	\$	\$
Non-current liabilities		
Long service leave	20,396	51,678
	<u>20,396</u>	<u>51,678</u>

Port Macquarie Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

18 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities
- Floating rate bank loans

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Port Macquarie Golf Club Limited has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

18 Financial Risk Management

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

Port Macquarie Golf Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The totals of remuneration paid to the key management personnel of Port Macquarie Golf Club Limited during the year are as follows:

	2022	2021
	\$	\$
Short-term employee benefits	245,441	243,762
Long-term benefits	7,081	(18,411)
Post-employment benefits	26,721	35,280
	<u>279,243</u>	<u>260,631</u>

20 Contingencies

Contingent Liabilities

Port Macquarie Golf Club Limited had the following contingent liabilities at the end of the reporting period:

Bank Guarantee

The Company has a banker's guarantee in favour of Tabcorp Holdings Limited (TAB) for \$5,000 (2021: \$5,000). The guarantee is secured by mortgage over the Company's premises. The guarantee is only payable in the event of economic loss to the TAB caused by the Company's staff. To date there has been no event or events that would require the guarantee to be called upon

21 Related Parties

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:

During the current financial year and amount of \$2,163 was paid to Port Tyre World. Mr Gordon Bain, a Director of the Club, is the proprietor of the said business. The amount paid related to tyre repairs and replacements with regards to Club motor vehicles (2021: \$440).

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	\$	\$
Profit for the year	135,619	264,332
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	594,134	580,109
- net loss on disposal of property, plant and equipment	11,561	2,995
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	8,636	111,386
- (increase)/decrease in prepayments	(9,251)	(2,818)
- (increase)/decrease in inventories	(14,597)	1,257
- increase/(decrease) in trade and other payables	(56,387)	136,894
- increase/(decrease) in other liabilities	61,469	194,004
- increase/(decrease) in provisions	6,376	(35,620)
Cashflows from operations	<u>737,560</u>	<u>1,252,539</u>

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 27 September 2022 by the Board of Directors.

Notice of Intention to undertake Development

On 31 August 2022, the Club issued a notice to its members stating its intention to undertake a development project for a Manufactured Housing Estate (seniors living) project. At the time of this report, no significant costs have been incurred on this project. The total cost of the project cannot be accurately quantified at this stage.

COVID-19

A global pandemic was declared by the World Health Organisation on 11 March 2020. Ongoing restrictions since the pandemic have disrupted operations at the Club, including being forced to close again in August/September 2021 as a result of a New South Wales Public Health Act order. These measures are expected to have an ongoing impact on the revenue and profitability of the Company throughout the 2023 financial year however, due to the uncertainty of the pandemic, it is not possible to predict the effect of the matter.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Port Macquarie Golf Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

24 Statutory Information

The registered office and principal place of business of the company is:
Port Macquarie Golf Club Limited, Ocean Drive, Port Macquarie NSW 2444

Port Macquarie Golf Club Limited

ABN: 76 000 100 854

Directors' Declaration

The directors of the entity declare that:

- 1. The financial statements and notes, as set out on pages 6 to 30, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; 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 entity.
- 2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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

Director
Paul Atkin

Director
Gordon Bain

Dated this day of 2022

Port Macquarie Golf Club Limited

Independent Audit Report to the members of Port Macquarie Golf Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Port Macquarie Golf Club Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Port Macquarie Golf Club Limited

Independent Audit Report to the members of Port Macquarie Golf Club Limited

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Port Macquarie Golf Club Limited

Independent Audit Report to the members of Port Macquarie Golf Club Limited

- 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.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Matthew Edwards CPA
Partner
Registered Company Auditor (461719)
PDD Advisory Group

14 Short Street, Port Macquarie NSW 2444

Dated this day of 2022