Moss Vale Services Club Ltd

ABN: 63 000 994 776

Financial Report

for the year ended 31 December 2023

Moss Vale Services Club Ltd

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for the year ended 31 December 2023

Moss Vale Services Club Ltd

Directors' Report
for the year ended 31 December 2023

The directors present their report on Moss Vale Services Club Ltd for the financial year ended 31 December 2023.

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

Names	Position
Frank G Shepherd	President
Des Bentley	Treasurer
Roger McAndrew	Vice President
John Williams	Vice President
Colin Emerson	Director
Karen Whitby	Director
Charles Kennaway	Director

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

Information on directors

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

Frank G Shepherd

Qualifications	Self Employed
Experience	36 years

Des Bentley

Qualifications	Retail
Experience	23 years (non continuous)

Roger McAndrew

Qualifications	Retired
Experience	10 years

John Williams

Qualifications	Retired
Experience	11 years (non continuous)

Colin Emerson

Qualifications	TAFE Teacher
Experience	5 years

Karen Whitby

Qualifications	Computer operator
Experience	18 (non continuous)

Charles Kennaway

Qualifications	Retired
Experience	1 year

Company secretary

Mr Phillip Hill has been the company secretary since 1 September 2003. Mr Phillip Hill has worked for Moss Vale Services Club Ltd for the past 20 years, performing management roles.

Review of operations

The surplus of the Company for the financial year after providing for income tax amounted to $43,849 (2022: $581,590). Total comprehensive surplus for the year amounted to $43,849 (2022: $581,590).

Moss Vale Services Club Ltd

Directors' Report
for the year ended 31 December 2023

Significant changes in state of affairs

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

Principal Activities

The principal activity of Moss Vale Services Club Ltd during the financial year was that of a registered club.

No significant change in the nature of these activities occurred during the financial year.

Short term and long objectives

The Club has identified the following objectives:

- The principal objectives of the Club are that of a Licenced Club being a Services Club, to assist the RSL Sub Branch, schools, cultural and charity organisations as well as establishing a viable community partnership with other businesses in Moss Vale.
- To provide services to members commensurate with industry needs and regulatory requirements.

Strategy for achieving the objectives

- Provide members with a Club that meets todays expectations of facilities and services
- To meet financial viability and accountability requirements
- To provide a workplace that is compliant with industry and legislative requirements

Performance measures

The Board, together with management use Critical Success Factors analysis in the areas of:

- Finance
- Customer Service
- Internal Business Processes
- Innovation

Using key performance indicators (KPIs) in the above areas provides the board with information needed to react to opportunities or concerns. Industry benchmarking data comparison reports provide up to date relative information specifically to the club industry.

Events subsequent after the reporting date

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

Likely developments and expected results of operations

Continuation of improving and maintaining the Club to provide members and guests a community asset for many uses.

Environmental regulation

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

Indemnification of officers

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Club.

Moss Vale Services Club Ltd

Directors' Report
for the year ended 31 December 2023

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings.

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

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Frank G Shepherd	12	11
Des Bentley	12	11
Roger McAndrew	12	12
Lorraine C Matthews	3	3
John Williams	12	12
Colin Emerson	12	8
Karen Whitby	9	8
Charles Kennaway	9	9

Members Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $5 each towards meeting any outstandings and obligations of the Company. At 31 December 2023 the number of members was 3793 (2022: 3,763).

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2023 has been received.

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

Director- Frank G Shepherd

Director- Des Bentley

Dated: 19 March 2024

KELLY+PARTNERS
CHARTERED ACCOUNTANTS

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Moss Vale Services Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements of 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.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565

Campbelltown
Dated: 19 March 2024

Kelly Partners (South West Sydney) Audit Partnership ABN 74 977 815 661
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Moss Vale Services Club Ltd

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2023

	Note	2023	2022
		$	**$**
Revenue	2	3,737,637	3,996,734
Other income	2	35,725	35,790
Cost of sales		(362,814)	(334,651)
Employee benefits expense		(997,526)	(901,255)
Depreciation expense		(500,946)	(456,829)
Finance costs	3	(88,399)	(82,444)
Other expenses	3	(1,779,828)	(1,675,754)
Profit /(Loss) before income tax		**43,849**	**581,591**
Income tax expense	4	-	-
Profit /(Loss) for the year		**43,849**	**581,591**
Comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive items		-	-
Other comprehensive income/(loss) for the year		**-**	**-**
Total comprehensive income for the year		**43,849**	**581,591**

Moss Vale Services Club Ltd

Statement of Financial Position
as at 31 December 2023

	Note	2023	2022
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	888,792	1,518,988
Inventories	6	43,175	41,961
Other assets	7	15,303	43,709
TOTAL CURRENT ASSETS		**947,270**	**1,604,658**
NON-CURRENT ASSETS			
Property, plant and equipment	8	16,142,444	15,925,338
Intangible assets	9	180,000	180,000
TOTAL NON-CURRENT ASSETS		**16,322,444**	**16,105,338**
TOTAL ASSETS		**17,269,714**	**17,709,996**
CURRENT LIABILITIES			
Trade and other payables	10	292,852	288,137
Contract liabilities	10	36,414	42,454
Borrowings	11	542,524	552,160
Employee benefits	12	49,654	64,216
TOTAL CURRENT LIABILITIES		**921,444**	**946,967**
NON-CURRENT LIABILITIES			
Borrowings	11	141,675	606,347
Employee benefits	12	8,052	1,988
TOTAL NON-CURRENT LIABILITIES		**149,727**	**608,335**
TOTAL LIABILITIES		**1,071,171**	**1,555,302**
NET ASSETS		**16,198,543**	**16,154,694**
EQUITY			
Reserves	13	11,680,135	11,680,135
Retained earnings		4,518,408	4,474,559
TOTAL EQUITY		**16,198,543**	**16,154,694**

Moss Vale Services Club Ltd

Statement of Changes in Equity
for the year ended 31 December 2023

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 January 2022	**3,892,968**	**11,680,135**	**15,573,103**
Surplus for the year	581,591		581,591
Revaluation decrement - land and buildings		-	-
Balance at 1 January 2023	**4,474,559**	**11,680,135**	**16,154,694**
Surplus for the year	43,849		43,849
Revaluation increment - land and buildings		-	-
Balance at 31 December 2023	**4,518,408**	**11,680,135**	**16,198,543**

Moss Vale Services Club Ltd

Statement of Cash Flows
for the year ended 31 December 2023

	Note	2023	2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,105,361	4,410,333
Payments to suppliers and employees		(3,490,523)	(3,419,051)
Interest received		161	193
Finance charges paid		(88,399)	(82,444)
Net cash provided by operating activities		**526,600**	**909,031**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		40,478	37,000
Purchase of property, plant and equipment		(722,966)	(1,001,008)
Net cash provided by (used in) investing activities		**(682,488)**	**(964,008)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		(474,308)	(307,786)
Net cash provided by (used in) financing activities		**(474,308)**	**(307,786)**
Net increase (decrease) in cash held		(630,196)	(362,763)
Cash and cash equivalents at beginning of year		1,518,988	1,881,751
Cash and cash equivalents at end of year	5	**888,792**	**1,518,988**

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

Moss Vale Services Club Ltd is a not for profit company limited by guarantee, incorporated and domiciled in Australia. The functional and presentation currency of the company is Australian dollars.

The financial statements were authorised for issue on 19 February 2024 by the directors of the Company.

Basis of Preparation

The general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and the *Australian Accounting Standards - Simplified Disclosures* . 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 the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurements at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a Income Tax

The principle of mutuality has been applied in calculating the taxable income of the company. Subscriptions and other amounts received from members are excluded from the assessable income of the company. The company is assessed for income tax purposes on income from non members (including other investment income such as interest and rent.) Operating expenses are apportioned between member and non member income. Accordingly, taxable income is not directly related to the operating result and can vary substantially from year to year.

b Inventory

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first in first out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

c Property, Plant and Equipment

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

Land and Buildings

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors’ valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

1 **Summary of Material Accounting Policies**

c **Property, Plant and Equipment (cont.)**

Land and Buildings (cont.)

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

Freehold land and buildings, plant and equipment that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and 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 either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a sperate 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 time can be measured reliably. All other repairs and maintenances are recognised as expenses in profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets 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. Depreciation is recognised in profit or loss.

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

Class of Fixed Asset	Rate
Plant & equipment	20%
Gaming Machine	20%
Building	2.5%

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.

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

d **Leases**

Lessor accounting

When the entity is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with *AASB 15: Revenue from Contracts with Customers* .

1 Summary of Material Accounting Policies

d Leases (cont.)

Lessor accounting (cont.)

The lease income from operating leases is recognised on a straight line basis over the lease term. Finance income under a finance lease is recorded on a basis to reflect a constant periodic rate of return on the entity's net investment in the lease.

e Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. 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 the 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 significant financing component or if the practical expedient was applied as specified in *AASB 15: Revenue from Contracts with Customers* .

Classification and subsequent measurement

<u>Financial liabilities</u>

Financial labilities are subsequently measured at:

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

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.

<u>Financial assets</u>

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 characteristic of the financial asset; and
- the business model for managing financial assets.

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

- 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 principle and interest on the principal amount outstanding on specified dates.

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

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

e Financial Instruments (cont.)
Derecognition

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. 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.

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

All the following criteria need to be satisfied for the derecognition of a financial asset:
- the right to receive cash flow from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make 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 and loss.

Impairment
The entity 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 amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit and loss; and
- financial guarantee contracts that are not measured at fair value through profit and 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 contracted 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 entity uses the following approaches to impairment, as applicable under AASB 9:
- the general approach;
- the simplified approach;
- low credit risk operational simplification approach.

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

e Financial Instruments (cont.)
Impairment (cont.)
General approach

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

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

Simplified Approach

The simplified approach does not require tracking of change 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 transaction that are within the scope of AASB 15: *Revenue from Contracts with Customers* , and which 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 (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, 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 entity 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 risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, 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 as lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdictions in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity 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.

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

e Financial Instruments (cont.)

Impairment (cont.)

Recognition of expected credit losses in financial statements (cont.)

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

For financial assets that are unrecognised (e.g. 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.

f Impairment of Assets

At each reporting date, 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 (e.g. 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g Intangibles

Gaming Machine Entitlements

Gaming machine entitlements are considered as intangible assets as per AASB 138 and have been brought to account at cost. They are considered to have an indefinite life and as such are not amortised.

Social impact assessment study costs incurred in order to obtain additional entitlements have been accounted for as prepayments until the entitlements are acquired. The prepayment is then capitalised together with the cost of the entitlements.

Impairment of gaming machine entitlements is recognised based on fair value less costs to sell or on value in use calculations and is measured at the present value of the estimated future cash inflows available to the company from the use of these licenses. In determining the present value of the cash inflows growth rate and appropriate discount factor have been considered.

h 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 within 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 measure 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.

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

h Employee Benefits (cont.)

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 government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligation for long-term employee benefits are presented as non-current provision 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.

i 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.

j 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.

k Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue is recognised when the amount of 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 specified.

Bar revenue

Revenue from the sale of goods 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, however ownership or effective control over the goods is transferred to the customer once the goods have been paid.

Interest income

Interest income is recognised using the effective interest rate.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

1 Summary of Material Accounting Policies

k Revenue and Other Income (cont.)

Subscriptions
Revenue from the provision of membership subscriptions is recognised on a straight-line basis over the financial year as to when services are delivered.

Other income
Other income is recognised on an accruals basis when the Company is entitled to it.
All revenue is stated net of the amount of goods and services tax (GST).

l 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 Note1 for further discussion on the determination of impairment losses.

m Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity 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.

n Goods and Services Tax

Revenues, 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 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 receivable or payable in the statement of financial position.

Cash Flows are presented on a gross basis. The GST component of cash flows arising from investing and 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.

o Comparative Figures

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

p 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) **Valuation of land and buildings**

The freehold land and buildings were independently valued at 21 February 2022 by an independent external valuer. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. No valuation adjustment made for the financial year.

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

p Critical Accounting Estimates and Judgements (cont.)

ii) **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 incorporates various key assumptions.

iii) **Useful lives of property, plant and equipment**

As described in Note 1(c), the Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

iv) **Core Property**

The Club reviews it's core land & buildings on an annual basis to test that the carrying value does not exceed its fair value. If any impairment to the core land & building is determined an impairment loss is recognised and the asset is written down to this fair value in the financial statements. As a result of the Club's annual assessment it is noted the fair value has not declined. Therefore, the building portion is no longer depreciated over forty years which provides a more accurate value of The Club's land & building.

Key judgements

(i) **Performance obligations under AASB 15**

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost value, quantity and the period of transfer related to the goods or services promised.

Notes to the financial statements
for the year ended 31 December 2023

1 Summary of Material Accounting Policies

q Fair Value of Assets

The entity measures some of its assets 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 entity 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 the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. 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.

Notes to the financial statements
for the year ended 31 December 2023

		Note	2023 $	2022 $
2	**Revenue and Other income**			
	Revenue from contracts with customers			
	- Bar		812,250	755,395
	- Gaming		2,669,620	3,005,978
	- Commissions		103,036	104,335
	- Subscriptions		36,865	26,979
	- Room hire		29,992	32,121
	- Promotions		56,500	53,329
	- Other		29,374	18,597
	Total Revenue from contracts with customers		**3,737,637**	**3,996,734**
	Timing of Revenue Recognition			
	Transferred at a point in time		3,538,370	3,814,702
	Transferred overtime		199,267	182,032
			3,737,637	3,996,734
	Other income			
	- Interest		161	193
	- Gain on sale of non current assets		35,564	35,597
	Total Revenue and Other income		**35,725**	**35,790**
3	**Significant Expenses**			
	Finance costs			
	- Interest paid - borrowings		73,561	65,555
	- Other borrowing charges		14,838	16,889
			88,399	82,444
	Other Expenses comprises of:			
	Gaming machine turnover tax		429,816	496,408
	Power and heating		128,040	117,153
	Insurance		115,660	108,508
	Advertising		46,638	50,632
	Rates		56,019	32,895
	Repairs and maintenance		328,238	195,139
	Bar expenses		29,267	27,128
	Cleaning materials/waste		129,973	117,661
	Gaming machine monitoring and other expenses		62,299	69,203
	Entertainment/music		44,581	32,774
	Licenses and fees		6,580	28,449
	Security		9,580	8,809
	Club grants		35,649	37,931
	Prizes		55,069	56,436
	Computer software/support		66,905	43,963
	Other expenses		235,514	252,665
			1,779,828	1,675,754

Notes to the financial statements
for the year ended 31 December 2023

		Note	2023 $	2022 $
4	**Income Tax**			
	(a) The components of tax expense comprise:			
	Current tax		-	-
	(b) The prima facie tax on surplus/(loss) before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on surplus/(loss) from ordinary activities before income tax at 25% (2022: 25%)		10,962	145,398
	Non assessable income:			
	Members only income		(9,216)	(7,495)
	Non allowable deductions - member related		4,630	7,738
	Non member related:			
	Assessable income		34,330	34,321
	Allowable expenses		(32,876)	(28,235)
	Add back:			
	Provision movement		16,369	20,081
			(2,729)	
	Principle of mutuality - member related items not subject to income tax (96.26% member portion - 2022: 96.50%)		(38,828)	(174,073)
	Tax loss		(17,358)	(2,265)
	Tax loss not recognised		**(17,358)**	**(2,265)**
	(c) Tax loss carried forward - not recognised		**954,804**	**885,372**

At 31 December 2023, the Club had accumulated losses with a future income tax benefit of $954,804 (2022: $885,372) carried forward. Future income tax benefits have not been brought to account at reporting date as the directors do not believe that the realisation of the asset is probable.

		2023 $	2022 $
5	**Cash and Cash Equivalents**		
	Cash on hand	210,053	210,249
	Cash at bank	678,739	1,308,739
		888,792	**1,518,988**
	Reconciliation of cash		
	Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position		
	Cash at bank	888,792	1,518,988
	Cash per statement of cash flows	**888,792**	**1,518,988**
6	**Inventories**		
	Inventories - at cost	**43,175**	**41,961**
7	**Other Assets**		
	Current		
	Trade and Other Receivables	245	35,184
	Prepayments	15,058	8,525
		15,303	**43,709**

Notes to the financial statements
for the year ended 31 December 2023

		Note	2023 $	2022 $
8	**Property, Plant and Equipment**			
	Land and Buildings			
	Freehold land- at independent valuation		4,250,000	4,250,000
			4,250,000	4,250,000
	Buildings- at independent valuation		11,327,057	11,351,239
	Accumulated depreciation		(459,628)	(252,266)
			10,867,429	11,098,973
	Total land and buildings		15,117,429	15,348,973
	Building Works In Progress			
	Building Works In Progress		20,029	-
			20,029	-
	Plant and Equipment			
	Plant and Equipment - at cost		2,271,500	2,252,525
	Accumulated depreciation		(1,853,508)	(2,074,574)
			417,992	177,951
	Gaming Machines- at cost		2,296,874	2,467,906
	Accumulated depreciation		(1,709,880)	(2,069,492)
			586,994	398,414
	Total Property, Plant and Equipment		**16,142,444**	**15,925,338**

(a) Movements in carrying amounts

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

	Land	Buildings	Building Works in Progress	Plant and Equipment	Gaming Machines	Total
Opening Balance	4,250,000	11,098,973	-	177,951	398,414	15,925,338
Additions	-	50,583	20,029	302,432	349,922	722,966
Disposal	-				(4,914)	(4,914)
Transfers	-					-
Revaluation increment	-	-	-	-	-	-
Depreciation	-	(282,127)	-	(62,391)	(156,428)	(500,946)
Closing balance	**4,250,000**	**10,867,429**	**20,029**	**417,992**	**586,994**	**16,142,444**

The company's land and buildings were revalued at 21 February 2022 by independent valuers. The 2022 valuation was used to assist the directors in determining a valuation of land and buildings as at 31 December 2023. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity costs.

The valuation was carried out by Global Valuation Services Pty Ltd. These valuations were based on the unencumbered use value of the buildings and market value of the land owned and occupied by the Company.

		2023 $	2022 $
9	**Intangible Assets**		
	Gaming machine entitlement	180,000	180,000
	Accumulated amortisation and impairment losses	-	-
	Net carrying amount	**180,000**	**180,000**

Notes to the financial statements
for the year ended 31 December 2023

		Note	2023 $	2022 $
10	**Trade and Other Payables**			
	Current			
	Trade payables		79,267	73,031
	Other payables and accrued expenses		213,585	215,106
			292,852	**288,137**
	Contract Liabilities			
	Subscriptions in advance		24,954	29,841
	Unearned income		11,460	12,613
			36,414	**42,454**
11	**Borrowings**			
	Current			
	Chattel mortgage		-	9,636
	Bank loans		542,524	542,524
	Total current borrowings		**542,524**	**552,160**
	Non-current			
	Chattel mortgage		-	-
	Bank loans		141,675	606,347
	Total non-current borrowings		**141,675**	**606,347**
	Total Borrowings		**684,199**	**1,158,507**

Movements	
Opening balance	1,158,507
Proceeds from financial liabilities	-
Interest and charges	73,561
Repayment of financial liabilities	(547,869)
Closing balance at 31 December 20203	**684,199**

a **Securities pledged**

The borrowing facilities are secured by:

i) a first registered mortgage over all land and improvement currently owned by the Club;
ii) a first registered fixed and floating charge over all present and future assets of the Club; and
iii) a bill of sale charge over the Club's Liquor and Gaming Licences

b **Financing arrangements**

Unrestricted access was available at the reporting date to the following borrowings:

2023

		Drawn	Undrawn	Interest Rate
i)	Principal and interest term loan	$0.684m	$0.538m	8.02%
ii)	Chattel mortgages	-	-	0.00%

2022

		Drawn	Undrawn	Interest Rate
i)	Principal and interest term loan	$1.148m	$0.224m	7.22%
ii)	Chattel mortgages	$0.009m	-	0.00%

		2023 $	2022 $
12	**Employee benefits**		
	Current		
	Annual leave	31,768	34,923
	Long Service leave	17,886	29,293
		49,654	**64,216**
	Non-current		
	Long Service leave	8,052	1,988
		8,052	**1,988**
	Total Employee Benefits	**57,706**	**66,204**

		Note	2023 $	2022 $
13	**Reserves**			
	The asset revaluation reserve records fair value movements on property,		**11,680,135**	**11,680,135**
14	**Capital and Leasing Commitments**			
	Finance Lease Commitments			
	Payable - minimum lease payments:			
	- not later than 12 months		542,524	552,160
	- between 12 months and five years		141,675	606,347
	Present value of minimum lease payments	Note 11	**684,199**	**1,158,507**
	Capital Expenditure Commitments			
	Capital expenditure commitments contracted for:		-	-
			-	-

15 Key Management Personnel Compensation

The totals of remuneration paid to the key management personnel of the company during the year are as follows:

	2023 $	2022 $
Key Management Personnel Compensation	**160,443**	**156,576**

For details of other transactions with key management personnel, refer to Note 20.

16 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at both reporting dates.

At the request of the company, the company's bank is holding bank guarantees in favour of the Totalisator Agency Board of NSW to the value of $5,000.

17 Events after 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.

18 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and leases.

The total amounts for each category of financial instruments, measure in accordance with *AASB 9: Financial Instruments; Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023 $	2022 $
Financial assets - amortised cost			
- cash and cash equivalents	5	888,792	1,518,988
Total financial assets		**888,792**	**1,518,988**
Financial liabilities - amortised cost			
- trade and other payables	10	292,852	288,137
- borrowings	11	684,199	1,158,507
Total financial liabilities		**977,051**	**1,446,644**

19 Fair Value Measurement

The company has land and buildings that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Notes to the financial statements
for the year ended 31 December 2023

	Note	2023 $	2022 $
19 Fair Value Measurement (Cont.)			
Non Financial assets			
Land and buildings	8	15,117,429	15,348,973

For land and buildings, the fair values have been determined based on independent valuations based on a market approach using recent observable market data for similar properties. Significant inputs used are price per hectare/square metre.

20 Related Party Transactions

The Company's main related parties are as follows:

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 are considered key management

For details of disclosures relating to key management personnel, refer to Note 15

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

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:

	2023 $	2022 $
Benefits paid to directors in kind in attending seminars, functions, club business and honorarium.	10,134	4,880

21 Core and Non Core Properties

Core Properties
The following properties are Core Property of the Club:

1 The land (forming part of Lot 100 DP 1037724 at the corner of Argyle and Yarrawa Streets, Moss Vale) on which the Club's licensed premises is situated including the bitumen sealed car park surrounding the Club's licensed premises but excluding the vacant (non sealed) land adjoining the exit lane from the car park on the western side of the Club's
2 The bitumen sealed car park (Lot 34 DP 1046863) at the corner of Dixon and Yarrawa Streets, Moss Vale.

Non Core Properties
The following properties are Non-Core Property of the Club:

1 Lot B DP 161550 (residential property) on Yarrawa Street, Moss Vale.
2 Lot 1 DP 37492 (residential property) on Yarrawa Street, Moss Vale.
3 The vacant (non sealed) land (forming part of Lot 100 DP 1037724) adjoining the exit lane from the car park on the western side of the Club's licensed premises at the corner of Argyle and Yarrawa Streets, Moss Vale.

22 Auditor Remuneration

	2023 $	2022 $
Statutory audit	33,500	32,350
Other services	-	-
	33,500	**32,350**

23 Statutory Information

The registered office and principal place of business of the company is:
Moss Vale Services Club Ltd
17 Yarrawa Street
Moss Vale NSW 2577

Moss Vale Services Club Ltd

Directors' Declaration
for the year ended 31 December 2023

In accordance with a resolution of the directors of Moss Vale Services Club Ltd, the directors of the Company declare that:

1. The financial statements and notes 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 Company's financial position as at 31 December 2023 and of its 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.

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

Director Frank G Sheperd

Director Des Bentley

Dated: 19 March 2024

Independent Auditor's Report
To the Members of Moss Vale Services Club Ltd.

Opinion
We have audited the financial report of Moss Vale Services Club Ltd, which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of Moss Vale Services Club Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(b) complying with *Australian Accounting Standards – Simplified Disclosures* 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) (*the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the 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.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report and annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Kelly Partners (South West Sydney) Audit Partnership ABN 74 977 815 661
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PO Box 417, Campbelltown NSW 2560
T +61 2 4625 7711 E southwestsydney@kellypartners.com.au W kellypartners.com.au

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 and have determined that the basis of preparation is appropriate to meet the requirements of the *Australian Accounting Standards – Simplified Disclosures* and the *Corporations Act 2021*, and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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.

Kelly Partners (South West Sydney) Partnership

Daniel Kuchta
Registered Auditor Number 335565
Campbelltown

Dated: 19 March 2024