

Barrier Social Democratic Club Ltd

ABN 14 001 031 287

Financial Statements - 30 June 2022

Barrier Social Democratic Club Ltd
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For the year ended 30 June 2022

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Barrier Social Democratic Club Ltd
Directors' report
For the year ended 30 June 2022

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2022.

Directors

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

Shane Chapman	President, Self Employed Poker Machine Technician. Joined the Board in 2007.
Coral Ford	Director, Retired. Joined the Board in 1999.
Amelia Butler	Director, Home Duties. Resigned from the Board on 30 November 2021.
Geoffrey Cullenward	Director, Retired. Joined the Board in 2014.
Charissa Pascoe	Director, Self Employed Conveyancer. Resigned from the Board on 11 December 2021.
Lisa Darley	Director, Ambulance Inspector. Joined the Board on 23 February 2021.
Matthew Garrick	Director, Electrician. Resigned from the Board in November 2021.
Noeline Ratcliff	Director, TAFE Services Coordinator. Joined the Board on 30 November 2021.
Gerald VanDenHeuvel	Director, IT Consultant. Joined the Board on 30 November 2021.
Mark Grose	Director, Miner. Joined the Board on 8 February 2022.

Principal activities

The principal activity of Barrier Social Democratic Club Ltd during the financial year was the provision of food, beverage and entertainment facilities to the members and the community of Broken Hill and the Far West Region.

These principal activities assist in achieving the short term and long term objectives of the Club by:

- Providing facilities for the members;
- Providing turnover, cash flow and surplus to meet the financial objectives of the Club; and
- Provide our employees with the safest workplace and the ability to achieve the best training and development outcomes.

Review of operations

The profit for the Company after providing for income tax amounted to \$400,951 (30 June 2021: \$1,058,007).

Short term objectives

The Club's short term objectives are to:

- Provide the best members facilities and service in the Far West Region;
- To meet all financial obligations and provide the members with a profitable club; and
- To become an Employer of Choice providing a safe and healthy facility that offers training and development to all staff.

Long term objectives

The Club's long term objectives are to:

- Increase the awareness of the Club and the Broken Hill region;
- Maintain the financial security of the Club;
- Provide for future development and growth in accordance with the needs of members; and
- Maintain and upgrade the capital equipment and buildings.

Strategy for achieving the objectives

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

- A detailed Strategic Plan that provides direction for future renovations and development of Club facilities and to identify the opportunities and strengths of the Club to provide sustainable hospitality services in the Far West Region;
- The preparation of an annual budget for financial performance indicators and regular reviews by external consultants;
- Review of staff policies in regards to health and safety and maintain the connection with TAFE to provide hospitality training and traineeships/apprenticeships;
- The preparation of a Marketing Plan to communicate the long term objectives to the members and the community;
- Maintain the 6 year budget in conjunction with consultants that will take into account future trends such as government regulations and economic climate; and
- Engage members to identify and plan for future development based on the needs of the members and the community.

How principal activities assisted in achieving the objectives

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

Barrier Social Democratic Club Ltd
Directors' report
For the year ended 30 June 2022

- Providing facilities for the members;
- Providing turnover, cash flow and surplus to meet the financial objectives of the Club; and
- Provide our employees with the safest workplace and the ability to achieve the best training and development outcome.

Performance measures

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

- Membership for the year was 7,385 compared to a target of 7,500; and
- The Club has complied with all Government legislation with reviewed being conducted regularly both internally and externally.

Membership details

Barrier Social Democratic Club Ltd 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 members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$5 subject to the provisions of the Company's constitution.

As at 30 June 2022 the collective liability of members was \$36,925 (2021: \$37,190).

Membership Class	Number of Members	Individual Members Contribution on winding up of the Company \$	Total Members Contribution on winding up of the Company \$
Ordinary Members	2,133	5	10,665
3 Year Members	5,211	5	26,055
Life Members	38	5	190
Kids Members	3	5	15
	7,385		36,925

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Eligible
Shane Chapman	12	12
Coral Ford	12	12
Amelia Butler	3	4
Geoffrey Cullenward	11	12
Charissa Pascoe	3	3
Lisa Darley	10	12
Matthew Garrick	1	3
Noeline Ratcliff	7	9
Gerald VanDenHeuvil	8	9
Mark Grose	6	7

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

Auditor's independence declaration

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

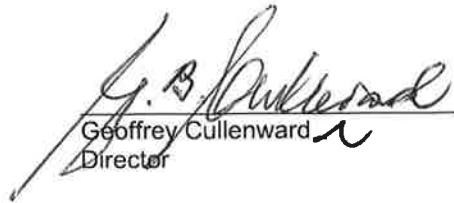
Barrier Social Democratic Club Ltd
Directors' report
For the year ended 30 June 2022

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Shane Chapman
Director



Geoffrey Cullenward
Director

25 October 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF BARRIER SOCIAL DEMOCRATIC CLUB LTD**

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

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

William Buck

William Buck (SA)
ABN 38 280 203 274

G. W. Martinella

G.W. Martinella
Partner

Adelaide, 25th day of October 2022

Barrier Social Democratic Club Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue	4	8,209,324	9,422,623
Expenses			
Cost of sales		(1,520,731)	(1,522,278)
Employee benefits expense	5	(2,727,079)	(2,766,348)
Finance costs		(162,474)	(229,688)
Depreciation and amortisation expense		(676,692)	(932,006)
Poker machine expense		(897,939)	(1,258,659)
Other expenses		(1,823,458)	(1,655,637)
Profit before income tax expense		400,951	1,058,007
Income tax expense		-	-
Profit after income tax expense for the year		400,951	1,058,007
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>400,951</u>	<u>1,058,007</u>

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

Barrier Social Democratic Club Ltd
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	979,226	1,323,497
Trade and other receivables	7	76,192	50,713
Inventories	8	93,836	67,814
Other assets	9	34,545	34,545
Total current assets		<u>1,183,799</u>	<u>1,476,569</u>
Non-current assets			
Property, plant and equipment	10	8,687,247	8,837,264
Investments		1,580	1,238
Intangible assets	11	757,564	757,564
Total non-current assets		<u>9,446,391</u>	<u>9,596,066</u>
Total assets		<u>10,630,190</u>	<u>11,072,635</u>
Liabilities			
Current liabilities			
Trade and other payables	12	654,524	1,052,521
Borrowings	13	741,113	537,851
Lease liabilities	14	-	250,983
Employee benefits	15	739,230	771,910
Total current liabilities		<u>2,134,867</u>	<u>2,613,265</u>
Non-current liabilities			
Borrowings	13	4,564,221	4,859,850
Lease liabilities	14	-	69,369
Total non-current liabilities		<u>4,564,221</u>	<u>4,929,219</u>
Total liabilities		<u>6,699,088</u>	<u>7,542,484</u>
Net assets		<u>3,931,102</u>	<u>3,530,151</u>
Equity			
Retained profits		<u>3,931,102</u>	<u>3,530,151</u>
Total equity		<u>3,931,102</u>	<u>3,530,151</u>

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

Barrier Social Democratic Club Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Retained profits \$	Total equity \$
Balance at 1 July 2020	2,472,144	2,472,144
Profit after income tax expense for the year	1,058,007	1,058,007
Other comprehensive income for the year, net of tax	-	-
	<u>1,058,007</u>	<u>1,058,007</u>
Total comprehensive income for the year		
	<u>3,530,151</u>	<u>3,530,151</u>
Balance at 30 June 2021		
	Retained profits \$	Total equity \$
Balance at 1 July 2021	3,530,151	3,530,151
Profit after income tax expense for the year	400,951	400,951
Other comprehensive income for the year, net of tax	-	-
	<u>400,951</u>	<u>400,951</u>
Total comprehensive income for the year		
	<u>3,931,102</u>	<u>3,931,102</u>
Balance at 30 June 2022		

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

Barrier Social Democratic Club Ltd
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers and members		8,667,519	10,238,916
Receipts from Government grants and funding		293,081	383,755
Payments to suppliers and employees		(8,238,154)	(8,087,057)
Interest received		708	1,733
Interest paid		<u>(162,474)</u>	<u>(229,688)</u>
Net cash from operating activities	21	<u>560,680</u>	<u>2,307,659</u>
Cash flows from investing activities			
Payments for investments		(342)	(1,238)
Payments for property, plant and equipment		(491,890)	(452,239)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>331,590</u>
Net cash used in investing activities		<u>(492,232)</u>	<u>(121,887)</u>
Cash flows from financing activities			
Repayment of borrowings		<u>(412,719)</u>	<u>(993,114)</u>
Net cash used in financing activities		<u>(412,719)</u>	<u>(993,114)</u>
Net increase/(decrease) in cash and cash equivalents		(344,271)	1,192,658
Cash and cash equivalents at the beginning of the financial year		<u>1,323,497</u>	<u>130,839</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>979,226</u></u>	<u><u>1,323,497</u></u>

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

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 1. General information

The financial statements cover Barrier Social Democratic Club Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Barrier Social Democratic Club Ltd's functional and presentation currency.

Barrier Social Democratic Club Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

218 Argent Street
Broken Hill NSW 2880

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

The following Accounting Standards and Interpretations are most relevant to the Company:

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

The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Going concern

As at 30 June 2022 the Club's current liabilities exceeded its current assets by \$951,068 (2021: \$1,136,696).

In December 2021 the Club renegotiated the finance facility with the Commonwealth Bank of Australia for a 3 year term ending 29 November 2024. The Directors believe that the Club can continue as a going concern given the continued support received from the financier.

As at the date of this report, the Directors are satisfied that there are reasonable grounds to believe the Club will meet its obligations as and when they fall due. More specifically:

- The Club has prepared a five year forecast which demonstrates its ability to manage the debts incurred from the renovations through cash flows generated from the Club. The renovations undertaken included additional revenue generating segments to the business including more poker machine facilities and a modern function centre; and
- As at the date of this report, revenues and cash flows generated remain strong and in line with the forecasts utilised to service the debts incurred. The Club is currently servicing all obligations in line with agreed terms.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

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

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

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Revenue from goods transferred and services rendered

Revenue is recognised on the transfer of the good or service to the customer.

Interest

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

Poker machine revenue

Poker machine revenue is recognised on receipt of funds net any pay outs.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Inventories

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

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land and buildings are measured at cost, less, where applicable, accumulated depreciation and any impairment losses. In the event the carrying amount of land and buildings is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss.

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

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

Buildings	2.5 - 100.0%
Plant and equipment	10.0 - 100.0%
Leased plant and equipment	10.0 - 100.0%

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets consists of gaming entitlements. These are initially measured at cost at date of acquisition. Thereafter, it is carried at cost less any impairment losses.

The intangible assets are assessed as having an indefinite useful life and are assessed annually for impairment. This assessment is due to the fact that the gaming entitlement continues even if the gaming machine on which it was initially used if disposed of or no longer in used.

Prior to 1 July 2004, the Directors considered that an active market did exist for gaming licences in the region and the dollar value of poker machine licences to the Club in an open and unbiased market is not able to be determined. An intangible asset for licences on hand at 1 July 2004 has therefore not been recognised in the Club's statement of financial position. Any gaming licences received as part of a business combination are not allocated a value.

Impairment of non-financial assets

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

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 2. Significant accounting policies (continued)

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

Trade and other payables

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

Borrowings

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

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

Fair value measurement

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

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

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 4. Revenue

	2022	2021
	\$	\$
Sale of goods	2,428,792	2,733,731
Gaming net return	4,824,243	5,760,425
Commission earned	270,060	314,405
Member subscriptions	103,209	28,260
Interest received	708	1,733
Other revenue	289,231	200,314
Government grants	293,081	383,755
	<u>8,209,324</u>	<u>9,422,623</u>

Note 5. Employee benefits expense

	2022	2021
	\$	\$
Salaries and wages	2,402,673	2,458,505
Superannuation	220,938	206,036
Workers compensation	77,687	37,884
Payroll tax	25,781	63,923
	<u>2,727,079</u>	<u>2,766,348</u>

Note 6. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current assets</i>		
Cash on hand	271,210	233,430
Cash at bank	708,016	1,090,067
	<u>979,226</u>	<u>1,323,497</u>

Note 7. Trade and other receivables

	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	31,593	10,623
Deposits	1,750	14,950
Other receivables	42,849	25,140
	<u>76,192</u>	<u>50,713</u>

Note 8. Inventories

	2022	2021
	\$	\$
<i>Current assets</i>		
Inventory - at cost	93,836	67,814
	<u>93,836</u>	<u>67,814</u>

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 9. Other assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Prepayments	<u>34,545</u>	<u>34,545</u>

Note 10. Property, plant and equipment

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Land and buildings - at cost	10,938,641	10,891,604
Less: Accumulated depreciation	<u>(3,169,101)</u>	<u>(2,953,635)</u>
	<u>7,769,540</u>	<u>7,937,969</u>
Plant and equipment - at cost	2,997,225	2,635,753
Less: Accumulated depreciation	<u>(2,241,817)</u>	<u>(1,998,425)</u>
	<u>755,408</u>	<u>637,328</u>
Leased plant and equipment - at cost	2,569,733	2,569,733
Less: Accumulated depreciation	<u>(2,407,434)</u>	<u>(2,307,766)</u>
	<u>162,299</u>	<u>261,967</u>
	<u><u>8,687,247</u></u>	<u><u>8,837,264</u></u>

Reconciliations

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

	Land and Buildings \$	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Balance at 1 July 2021	7,937,969	637,328	261,967	8,837,264
Additions	47,037	479,639	-	526,676
Depreciation expense	<u>(215,466)</u>	<u>(361,559)</u>	<u>(99,668)</u>	<u>(676,693)</u>
Balance at 30 June 2022	<u><u>7,769,540</u></u>	<u><u>755,408</u></u>	<u><u>162,299</u></u>	<u><u>8,687,247</u></u>

Note 11. Intangible assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Gaming entitlements - at cost	<u>757,564</u>	<u>757,564</u>

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 12. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	223,263	476,161
Accrued expenses	159,231	245,418
Amounts received in advance	43,489	87,340
GST payable	154,794	139,118
Other payables	73,747	104,484
	<u>654,524</u>	<u>1,052,521</u>

Note 13. Borrowings

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Bank loan	639,550	537,851
Loan - licenses & machines	101,563	-
	<u>741,113</u>	<u>537,851</u>
<i>Non-current liabilities</i>		
Bank loans	4,458,940	4,859,850
Loan - licenses & machines	105,281	-
	<u>4,564,221</u>	<u>4,859,850</u>

The security consists of first registered equitable mortgage by Barrier Social Democratic Club Ltd over whole of its asset(s) and undertaking(s) including uncalled capital a first registered mortgage by Barrier Social Democratic Club Ltd over non resident real property located at 218 and Shop 2/220 Argent Street Broken Hill NSW 2880. Leased liabilities are secured by the underlying leased assets

Note 14. Lease liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Lease liability	-	250,983
<i>Non-current liabilities</i>		
Lease liability	-	69,369
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	-	242,898
One to five years	-	87,900
Less future finance charges	-	(10,446)
	<u>-</u>	<u>320,352</u>

The lease liability is allocated between current and non-current elements. The principal component of the lease payment due as at the end of the succeeding financial year is shown as current and the remainder of the liability as non-current.

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 15. Employee benefits

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	278,381	307,086
Long service leave	459,699	420,126
Other employee benefits	1,150	44,698
	<u>739,230</u>	<u>771,910</u>

Note 16. Key management personnel disclosures

Compensation

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

	2022	2021
	\$	\$
Aggregate compensation	<u>309,983</u>	<u>321,177</u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the Company:

	2022	2021
	\$	\$
<i>Audit services -</i>		
Audit of the financial statements	<u>17,200</u>	<u>16,000</u>
<i>Other services -</i>		
Preparation of the tax return	4,900	2,000
Preparation of the FBT return	<u>2,550</u>	<u>2,000</u>
	<u>7,450</u>	<u>4,000</u>
	<u>24,650</u>	<u>20,000</u>

Note 18. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Note 19. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

Barrier Social Democratic Club Ltd
Notes to the financial statements
For the year ended 30 June 2022

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 21. Reconciliation of profit after income tax to net cash from operating activities

	2022	2021
	\$	\$
Profit after income tax expense for the year	400,951	1,058,007
Adjustments for:		
Depreciation and amortisation	676,692	932,006
Net loss on disposal of non-current assets	-	21,474
Other non-cash items	(34,785)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(25,479)	258,181
Increase in inventories	(26,022)	(18,233)
Increase/(decrease) in trade and other payables	(397,996)	133,208
Decrease in employee benefits	(32,681)	(76,984)
Net cash from operating activities	<u>560,680</u>	<u>2,307,659</u>

Note 22. Member's 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 30 June 2022 the number of members was 7,385 (2021: 7,438).

Barrier Social Democratic Club Ltd
Directors' declaration
For the year ended 30 June 2022

In the directors' opinion:

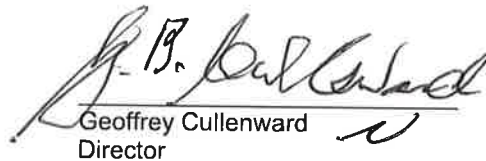
- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Shane Chapman
Director



Geoffrey Cullenward
Director

25 October 2022

Barrier Social Democratic Club Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Barrier Social Democratic Club Ltd (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 other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures Regime 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Club's current liabilities exceeded its current assets by \$951,068 at 30 June 2022. As stated in Note 2, the events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 ability of the Company 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 has 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.



William Buck (SA)
ABN: 38 280 203 274



G.W. Martinella
Partner

Adelaide, 25th October 2022