



SMITHFIELD
RSL

2022

ANNUAL REPORT



70TH ANNUAL REPORT

FINANCIAL STATEMENTS

For the year ended 31st December 2022

NOTICE OF ANNUAL GENERAL MEETING

Of Leo McCarthy Memorial Smithfield RSL Sub-Branch Club Ltd

**NOTICE OF ANNUAL GENERAL MEETING
LEO MCCARTHY MEMORIAL SMITHFIELD RSL SUB-BRANCH CLUB LTD
ACN 000 926 661**

Notice is hereby given that the Annual General Meeting of Leo McCarthy Memorial Smithfield RSL Sub-Branch Club Ltd (the Club) will be held on Sunday 26th March 2023 at 10am in the Club's Auditorium, Corner of Cumberland Highway & Neville Street, Smithfield, New South Wales.

BUSINESS

1. Apologies.
2. To Confirm the Minutes of the previous Annual General Meeting held on 27th March 2022.
3. To receive and consider the Financial Report for the year ended 31st December 2022, the Directors' Report for the year ended 31st December 2022 and the Auditor's Report on the Financial Report for the year ended 31st December 2022.
4. To consider and if thought fit pass the five (5) Ordinary Resolutions dealing with Directors' benefits set out in this Notice.
5. To consider and if thought fit pass the Ordinary Resolution for Honorary Life membership set out in this Notice.
6. To consider and if thought fit pass the Ordinary Resolution to declare property non core property set out in this Notice.
7. To consider and if thought fit pass the Six (6) Special Resolutions set out in this Notice
8. To deal with any other business of which due notice has been given to members.
9. To receive by way of general business recommendations and comments for the Board.

BUSINESS AND ANNUAL REPORTS

All Business to be dealt with at the Annual General Meeting must be handed to the Chief Executive Officer by the close of business two (2) months prior to the Annual General Meeting.

Members can receive the Annual Report (which include the documents in Agenda Item 3 above) if they give notice in writing to the Club requesting a copy of the Annual Report. If such a written request has previously been made by a member a copy of the Annual Report will be sent to that member.

Alternatively members can access the Annual Report through the Club's website where the reports in Agenda Item 3 will be published not less than 21 days before the Annual General Meeting.

MEMBERSHIP RENEWALS

Subscriptions for membership renewals for the year 2023 must have been paid by 1st January 2023. If subscriptions were not paid by 31st January 2023 membership of defaulting members is automatically cancelled. If in doubt about your membership status, please contact the Club.

By direction of the Board
Shane Atkins ACCM
Chief Executive Officer

OFFICE BEARERS 2022

PATRONS
J.CROSIO, AM, MBE
B.ANDERSON

PRESIDENT
C.EVANS

SENIOR VICE-PRESIDENT
D.HAYES

VICE-PRESIDENT
E.KAJAN

DIRECTORS
R.SCHLYDER
P.MANSFIELD, E.NOACK
S.TODESKI

AUDITOR
BDO AUDIT PTY LTD

CHIEF EXECUTIVE OFFICER
SHANE ATKINS

BOARD OF DIRECTORS 2022



COLIN EVANS
PRESIDENT

Small Business Owner
Club Member - 28 Years
Director - 25 Years



DAN HAYES
SENIOR VICE PRESIDENT

Retired
Club Member - 30 Years
Director - 14 Years



EUGENE KAJAN
VICE PRESIDENT

Small Business Owner
Club Member - 34 Years
Director - 22 Years



PERRY MANSFIELD
DIRECTOR

Transport Industry
Club Member - 23 Years
Director - 9 Years



RICHARD SCHLYDER
DIRECTOR

Retired
Club Member - 39 Years
Director - 14 Years



ELLIS NOACK
DIRECTOR

Retired
Club Member - 56 Years
Director - 8 Years



STEVE TODESKI
DIRECTOR

Transport Industry
Club Member - 29 Years
Director - 7 Years



PRESIDENT'S REPORT

Dear Members, I am honoured to once again present my Annual President's report for the Year 2022.

I am extremely pleased to report that we have achieved an outstanding financial result for the Year just ended, with a profit of \$14,316,952.

Our commitment with the Clubs refurbishments and improvements are ongoing, with many upcoming projects. We have a very exciting line up of Entertainment and Promotions scheduled, so make sure to check the Club's Website for information.

I would like to thank my fellow Directors who have worked so tirelessly along with Senior Management to achieve these exceptional results and making your Club the success it is today.

To our dedicated Managers and Staff, I thank you for your ongoing commitment and professionalism, your efforts are truly appreciated.

Sincere thanks to our wonderful and loyal Members, we could not be in the position we are in today, without your ongoing support and patronage.

As I look towards another successful and exciting year ahead, I am always truly grateful and honoured to be a part of such a great Club.

Hope to see you around the Club and best wishes for 2023.

Colin Evans
PRESIDENT





CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of the Board of Directors, I wish to present the Annual Financial Report of the Smithfield R.S.L Club for the year ending 31st December 2022.

The club has enjoyed another successful year of trading with an Operating Profit of \$14,316,952. The results of the trading year are well analysed in the Annual Report, so I encourage you to continue reading about the financial position of the club.

The club supported charities, sporting and community organisations, as well as individual requests for donations and sponsorship throughout the year, Smithfield R.S.L donated in excess of \$817,573 surpassing its minimum obligation under ClubGrants.

This year, we will continue to upgrade various facilities and infrastructure whilst revisiting the clubs 'Master Plan', remodelling the future expansion of the club. We will also pursue options for potential future land development with our amalgamated land holdings on Neville, O'Connell and Brenan street Smithfield. Thus contributing towards the needs of the Local Government area whilst securing the future sustainability of the club.

I must say the past twelve months have gone by so quickly and I am amazed by the amount of work achieved by our hard working and talented team.

Mr Colin Evans President and his fellow board members, thank you once again for your continued support throughout 2022. We have a busy year ahead of us and I look forward to working with you all.

To our dedicated Management team, thank you for helping us get through the challenges put before us. Your professional approach to your job does not go unnoticed.

Our wonderful staff, thank you for another rewarding year, you can all be very proud of your efforts and achievements.

To our Sub-Branch executive team and members, thank you for your support and friendship, it has been a pleasure working with you.

Don't forget to keep an eye out for our up and coming shows and promotions, please check our web-site for more details.

Last but not least on behalf of the Board of Directors, Management and Staff, 'thank you' to all members for your support and patronage throughout 2022. We look forward to seeing you next time you visit us.

Shane Atkins
Chief Executive Officer.

PETER HELLIAR

LIVE

STARTS
7.00PM
TICKETS
\$40

15+ SHOW | SMITHFIELD RSL NSW
THURSDAY, 20 JULY 2023

*"His quick wit and self-deprecating comic style
has the audience in stitches."*

★★★★★ *The Advertiser*

Rolling in the Deep

ADELE

TRIBUTE



**29TH APRIL
\$25 TICKET**

**DOORS OPEN 7.30PM
SHOW START 8PM | 18+ SHOW**

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LEO McCARTHY MEMORIAL
SMITHFIELD RSL SUB BRANCH CLUB LTD
ANNUAL GENERAL MEETING
27TH MARCH 2022

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CHAIRMAN:	The Vice President, Mr Eugene Kajan occupied the chair and declared the meeting open at 10.02am and those on the dais were introduced - John Ralston (Pigott Stinson Lawyers), Hetali Chotalia (BDO - Auditors), Shane Atkins (CEO), Raj Kuttiyam (Finance Manager) and Monika Hallani (Minute Secretary)	
PRESENT:	Members as per Register = 46 (20 Sub Branch)	
APOLOGIES:	President Mr Colin Evans - Member#41 Snr Vice President Mr Dan Hayes - Member#43 Jamie Mansfield Member#199 Bruce Dunlop - Member#11186	
PREVIOUS MINUTES:	Moved: P.Rowe (935) Sec: D.Forster (148) that minutes of the Annual General Meeting held 28th March 2021 be taken as read and be received. - Carried.	
CORRECTIONS:	Nil	
CONFIRMATION:	Nil	
BUSINESS ARISING:	Nil	
REPORTS:	Moved P.Rowe (935) Sec: W.Cruwys (725) - that all reports as printed be taken as read and discussed and adopted individually. Adoption Carried	
PRESIDENT'S REPORT:	Moved: S.Anderson (998) Adoption Carried	Sec: B.Cruwys (725)
CEO'S REPORT:	Moved: P.Rowe (935) Adoption: Carried	Sec: F.Boyd (791)
FINANCE REPORT:	Moved: P.Rowe (935) Adoption: Carried	Sec: G.Wilson (988)
DIRECTOR'S REPORT:	Moved: P.Rowe (935) Adoption: Carried	Sec: W.Cruwys (725)
INCOME & EXPENDITURE, BALANCE SHEET & AUDITORS REPORT:	Moved: P.Rowe (935) Adoption: Carried	Sec: W.Cruwys (725)

LEO McCARTHY MEMORIAL
SMITHFIELD RSL SUB BRANCH CLUB LTD
ANNUAL GENERAL MEETING
CONTINUED

RESULTS FOR THE 2022/2023 ELECTION OF THE BOARD

PRESIDENT

One Nomination was received for the position of President- that of Mr Colin Evans

Mr Colin Evans (Uncontested)

SNR VICE PRESIDENT

One Nomination was received for the position of Snr Vice President - that of Mr Dan Hayes

Mr Dan Hayes (Uncontested)

VICE PRESIDENT

One Nomination was received for the position of President - that of Mr Eugene Kajan

Mr Eugene Kajan (Uncontested)

DIRECTOR

4 Nominations were received for the position of Director; the following names were elected to the Board as positions were uncontested.

Mr Perry MANSFIELD

Mr Steve TODESKI

Mr Ellis Noack *

Mr Richard Schlyder *

(All Candidates were re-elected to their positions as all were uncontested).

LEO McCARTHY MEMORIAL
SMITHFIELD RSL SUB BRANCH CLUB LTD
ANNUAL GENERAL MEETING
CONTINUED

TO CONSIDER AND IF THOUGHT FIT, PASS EACH OF THE 5 ORDINARY RESOLUTIONS

ORDINARY RESOLUTIONS

FIRST ORDINARY RESOLUTION

That the members hereby approve the payment of an honorarium for the President of the Club for the year 2022/2023 in the sum of \$8,225. (Plus the superannuation Guarantee Levy of 9.5%)

Moved: P.Rowe (935) Sec: J.Wilson (988) - Carried

SECOND ORDINARY RESOLUTION

That the members hereby approve the payment of an honorarium for the Senior Vice President of the Club for the year 2022/2023 in the sum of \$5,275

Moved: W.Cruwys (725) Sec: B.Brooks (799) - Carried

THIRD ORDINARY RESOLUTION

That the members hereby approve the payment of an honorarium for the Vice President of the Club for the year 2022/2023 in the sum of \$5,275

Moved: P.Rowe (935) Sec: G.Wilson (988) - Carried

FOURTH ORDINARY RESOLUTION

That the members hereby approve the payment of an honorarium for the ordinary directors of the Club for the year 2022/2023 in the sum of \$2,855

Moved: B.Brooks (799) Sec: F.Boyd (791) - Carried

FIFTH ORDINARY RESOLUTION

That the members hereby approve expenditure by the Club until the next Annual General Meeting of the Club for the following:

- a. The provision of uniforms for directors.
- b. The reasonable expenses incurred by directors travelling to or from meetings or functions (including taxi fares or cab charges) approved by the Board on production of documentary evidence of such expenditure.
- c. The provision of designated car parking spaces for directors.
- d. The provision of mobile phones and reasonable associated expenses for the President, and Senior Vice President.
- e. The reasonable costs of directors (and their spouses/partners) and Club Patrons attending a Mid-Year Board Dinner and Christmas Board Dinner.
- f. The reasonable costs of directors' spouses or partners, Club Patrons and special guests receiving gifts of appreciation at the Christmas Board Dinner.
- g. The reasonable cost of a meal and beverage for each director before and after a Board or Committee meeting on the day of that meeting where such meeting coincides with a normal meal time.
- h. The reasonable expenses incurred by directors either within the Club or elsewhere in relation to other duties including entertaining special guests or dignitaries of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
- i. The provision of free reserved seating to shows, concerts or other events for directors and their spouses/partners as approved by the Board.
- j. The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
- k. The reasonable costs (including travel and accommodation expenses) of directors attending meetings, conferences and trade shows conducted by ClubsNSW, the Club Managers Association and such other conferences and trade shows, some of which may involve overseas travel as determined by the Board from time to time.

LEO MCCARTHY MEMORIAL
SMITHFIELD RSL SUB BRANCH CLUB LTD
ANNUAL GENERAL MEETING
CONTINUED

- l. The reasonable cost of directors attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
- m. The reasonable costs of directors (and their spouses/partners) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
- n. The reasonable cost of providing a bar service in the boardroom of the Club which is available to directors whether or not incidental to their attendance at a Board meeting or other duties as directors.

Moved: G.Wilson (988) Sec: W.Cruwys (725) - Carried

NOTES TO MEMBERS ON ORDINARY RESOLUTIONS

1. The First, Second, Third and Fourth Ordinary Resolutions are to approve honorariums for the President, Senior Vice President, Vice President and remaining members of the Board.
2. The Registered Clubs Act entitles a member of the governing body or of any committee of the Club to receive an honorarium if it has been approved by a resolution passed at a general meeting.
3. The Fifth Ordinary Resolution is to approve various items of expenditure relating to directors and in certain cases spouses/partners of directors, club patrons and special guests.
4. Notwithstanding approval in the terms of the Fifth Ordinary Resolution by the members at the Annual General Meeting, the Registered Clubs Act still requires out of pocket expenses, reasonably incurred by directors in the course of carrying out their duties, to be also authorised by a current resolution of the Board.

TO CONSIDER AND IF THOUGHT FIT, PASS THE ORDINARY RESOLUTION FOR LIFE MEMBERSHIP OF MR EUGENE KAJAN, MR SHANE ATKINS AND MR BILL CRUWYS

ORDINARY RESOLUTION FOR HONORARY LIFE MEMBERSHIP

That EUGENE KAJAN membership #994, SHANE ATKINS membership #2, and WILLIAM (BILL) CRUWYS membership #725 having been nominated for Honorary Life Membership and that nomination(s) having been approved by the Board as required by the Constitution is hereby approved by this Annual General Meeting as an Honorary Life Member of the Leo McCarthy Memorial Smithfield RSL Sub-Branch Club Limited.

NOTES TO MEMBERS ON ORDINARY RESOLUTION FOR LIFE MEMBERSHIP

5. In accordance with Rule 7(c) of the Club's Constitution, Eugene Kajan, Shane Atkins and William (Bill) Cruwys have been nominated for Honorary Life Membership by one member, being Perry Mansfield membership #6954, and seconded by another member, being Steve Todeski membership #5605, and that nomination has been approved by the Board of the Club.
6. Rule 7(c) provides that Honorary Life Membership may be conferred on a member who has rendered outstanding service to the Club.
7. An Honorary Life Member has all the privileges of membership of the class of that person immediately before becoming an Honorary Life Member, but is also not required to pay an annual subscription.

PROCEDURAL MATTERS FOR ALL ORDINARY RESOLUTIONS

8. To be passed each ordinary resolution must receive votes from not less than a simple majority (50% + 1) of those members who being eligible to do so vote in person on the resolution at the meeting.
9. Financial Service members, financial Associate members and Honorary Life members are all eligible to vote on each of the Resolutions.
10. Under the Registered Clubs Act, members who are employees of the Club are not eligible to vote and proxy voting is prohibited.
11. The Board of the Club recommends to members each of the five Ordinary Resolutions for Directors' benefits and the Ordinary Resolution for Life Membership.

LEO MCCARTHY MEMORIAL
SMITHFIELD RSL SUB BRANCH CLUB LTD
ANNUAL GENERAL MEETING
CONTINUED

Mr Eugene Kajan and P.Rowe spoke on the attributes of **Mr William (Bill) Cruwys** and why he should be awarded Life Membership of the Club.

A unanimous decision was made to award Mr William (Bill) Cruwys Life Membership of Smithfield RSL Club

Moved: G.Wilson (988) Sec: P.Rowe (935) - Carried

Mr Eugene Kajan and P.Rowe spoke on the attributes of **Mr Shane Atkins** and why he should be awarded Life Membership of the Club.

A unanimous decision was made to award Mr Shane Atkins Life Membership of Smithfield RSL Club

Moved: P.Rowe (935) Sec: W.Cruwys (725) - Carried

Mr John Ralston, Mr Scott Anderson and Mr Perry Mansfield spoke on the attributes of **Mr Eugene Kajan** and why he should be awarded Life Membership of the Club.

A unanimous decision was made to award Mr Eugene Kajan Life Membership of Smithfield RSL Club

Moved: G.Wilson (988) Sec: R. Fincane (445) - Carried

Vice President, Mr Kajan continued with the meeting. Mr Kajan asked the Members if they would like to go on with General Business.- All Agreed

General Business:

Mr Graham Cavill (3019) - Thanked the Board of Directors and Management on behalf of the Darts Club for their ongoing support and assistance.

There being no further business, this meeting closed at 10:27am and the next Annual General Meeting is set down for the 26th March 2023

SIGNATURE:

CHAIRMAN

Date:

SIGNATURE:

SECRETARY

Date:



LEO MCCARTHY MEMORIAL SMITHFIELD RSL SUB BRANCH CLUB LIMITED
ABN 63 000 926 661

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



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Director's Report

The directors present their report, together with the financial statements of the Leo-McCarthy Memorial Smithfield R.S.L Sub Branch Club Limited (the company) for the year ended 31 December 2022.

Directors

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

NAMES OF DIRECTORS	OCCUPATION / QUALIFICATIONS	POSITION / SPECIAL RESPONSIBILITIES	YEARS AS DIRECTOR
Colin Evans	Small Business Owner	Director / President	25
Dan Hayes	Retired	Director / Senior Vice-President	14
Eugene Kajan	Small Business Owner	Director / Vice President	22
Richard Schlyder	Retired	Director	14
Perry Mansfield	Transport Industry	Director	9
Ellis Noack	Retired	Director	8
Steve Todeski	Transport Industry	Director	7

DIRECTORS' MEETINGS

The number of meetings of the company's Board of Directors (the Board) and of each board committee held during the year ended 31 December 2022, and the number of meetings attended by each director were:

NAMES	DIRECTORS MEETINGS		SPECIAL MEETINGS	
	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS HELD/ELIGIBLE TO ATTEND	NUMBER OF MEETINGS	NUMBER OF MEETINGS HELD/ELIGIBLE TO ATTEND
Colin Evans	9	12	3	3
Dan Hayes	7	12	3	3
Eugene Kajan	12	12	3	3
Richard Schlyder	12	12		
Perry Mansfield	10	12		
Ellis Noack	11	12		
Steve Todeski	10	12		

COMPANY SECRETARY

Mr Shane Atkins was company Secretary of the company for the whole of the financial year and continues in office at the date of this report. Shane has worked for the Club since 1986 and is an acting ACCM Member of the Club Managers Association.

CORPORATE INFORMATION

The club is a 'not for profit' entity, registered as a company limited by guarantee. It does not issue shares to its members. Under its constitution it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

The club has varying classes of membership as set out below.

MEMBERS' LIMITED LIABILITY

If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$5 each towards any outstanding obligations of the company. At 31 December 2022 the number of members was 20,910 (2021: 17,801).

MEMBERSHIP

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2022 and the comparison with last year is as follows:

CLASS	NUMBER		LIABILITY OF MEMBERS ON A WIND UP	
	2022	2021	2022	2021
Service Members	178	191	\$890	\$955
Associate Members	20,725	17,606	\$103,625	\$88,030
Honorary Life Members	7	4	\$35	\$20
Total	20,910	17,801	\$104,550	\$89,005

SHORT AND LONG TERM OBJECTIVES OF THE ENTITY

The club's objectives are to focus on

1. The development and delivery of premium club facilities and services to its members and guests
2. The promotion of the social welfare of its members and community sports and recreational organisations

STRATEGY FOR ACHIEVING THOSE OBJECTIVES

The strategy for achieving the objectives has been to

1. Update the premise to reflect the quality of appearance of the club
2. Update and expand car parking facilities of the club
3. Constantly monitor and improve the services of the bar, restaurants and bistro areas
4. Attract quality entertainment to the venue at reasonable prices.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were those of a licensed club. No significant changes in the nature of these activities occurred during the year.

HOW THOSE ACTIVITIES ASSISTED IN ACHIEVING THE CLUB'S OBJECTIVES

The surpluses of the club after meeting the needs of the debt reduction program have been employed to enhancing the abovementioned facilities and the provision of donations to the local sporting and community support organisations, public schools, Leukaemia Foundation, Cancer foundation, Westmead hospital, NSW drought appeal and Men of League, to name a few.

OPERATING RESULTS

The net profit of the company for the year after providing for income tax was \$14,316,952 (2021: \$7,806,102).

	2022 \$	2021 \$
Operating profit before depreciation and amortisation, gain on disposal of assets	16,425,463	10,848,583
Less:		
Depreciation and amortisation expense	(3,270,107)	(3,385,587)
Gain on disposal of fixed assets	2,281,301	10,265
Profit before income tax	15,436,657	7,473,261
Income tax (expenses) / benefit	(1,119,705)	332,841
Net profit for the year	14,316,952	7,806,102

Performance measurement and key performance indicators

A number of KPIs are employed by the club in order to measure and improve the club's performance against industry benchmarks. The club uses the gross profit percentage and wages to sales percentage to measure the financial performance of departments such as Bar and Gaming. The club also uses EBITDA percentage to measure the financial performance of the club as a whole.

AUDITORS 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 19.

Signed in accordance with a resolution of the directors.

Dated at Smithfield this 17th day of February 2023.



Colin Evans
President



Dan Hayes
Senior Vice President

**DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF THE LEO-MCCARTHY
MEMORIAL SMITHFIELD R.S.L SUB-BRANCH CLUB LIMITED**

As lead auditor of The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Elysia Rothwell
Director
BDO Audit Pty Ltd
Sydney, 17 February 2023



Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited (the Company), which comprises the statement of financial position as at 31 December 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- (ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 obtained at the date of this auditor's report is information included in the Directors report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.



Elysia Rothwell
Director

BDO Audit Pty Ltd

Sydney, 17 February 2023

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited Directors' Declaration

The directors of The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 23 to 41, are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Australian Accounting Standards - Simplified Disclosures and *Corporations Regulations 2001*.
 - (ii) Giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance, for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated at Smithfield this 17th day of February 2023.



Colin Evans
President



Dan Hayes
Senior Vice President

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue and other income			
Sale of goods revenue		4,809,547	2,996,846
Rendering of services revenue		41,059,672	28,645,097
Other revenue		263,748	182,217
		<hr/>	<hr/>
Total revenue	1	46,132,967	31,824,160
		<hr/>	<hr/>
Other income	1	2,289,301	511,787
		<hr/>	<hr/>
Expenses			
Cost of goods sold		(1,866,971)	(1,153,932)
Catering and coffee shop		(111,133)	(72,884)
Cleaning and laundry		(541,689)	(286,165)
Supplementary tax and gaming equipment expenses		(11,161,089)	(7,711,970)
Consulting		(285,323)	(34,198)
Donations - Club grants		(817,573)	(552,880)
Employee benefits and expense		(8,912,722)	(7,084,786)
Finance costs		-	(66,623)
Insurance		(311,880)	(263,445)
Security		(325,547)	(226,309)
Social functions and entertainment		(1,261,236)	(762,944)
Repairs and maintenance		(1,992,647)	(1,347,086)
Occupancy		(745,589)	(661,681)
Other expenses		(1,382,105)	(1,252,196)
		<hr/>	<hr/>
		(29,715,504)	(21,477,099)
		<hr/>	<hr/>
Profit before depreciation and amortisation and income tax benefit / (expense)		18,706,764	10,858,848
Depreciation and amortisation		(3,270,107)	(3,385,587)
		<hr/>	<hr/>
Profit before income tax benefit / (expense)		15,436,657	7,473,261
Income tax (expense) / benefit	2(a)	(1,119,705)	332,841
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		14,316,952	7,806,102
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		14,316,952	7,806,102
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 27 to 41.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Statement of Financial Position

As at 31 December 2022

	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	19,478,724	20,003,773
Inventories		164,748	127,054
Trade and other receivables	4	237,157	220,716
Total Current Assets		19,880,629	20,351,543
Non-Current Assets			
Property, plant and equipment	5	48,583,616	37,027,912
Investment properties	6	7,677,926	4,309,829
Deferred tax assets	2 (b)	154,513	426,120
Intangible assets	7	186,674	186,674
Total Non-Current Assets		56,602,729	41,950,535
Total Assets		76,483,358	62,302,078
LIABILITIES			
Current Liabilities			
Current tax liabilities	2(c)	706,066	93,279
Trade and other payables	8	3,418,311	4,681,246
Employee benefits	9	4,195,890	3,701,861
Other liabilities	10	17,420	16,799
Total Current Liabilities		8,337,687	8,493,185
Non-Current Liabilities			
Employee benefits	9	56,232	56,442
Other liabilities	10	151,584	131,548
Total Non-Current Liabilities		207,816	187,990
Total Liabilities		8,545,503	8,681,175
Net Assets		67,937,855	53,620,903
Members' Funds			
Retained profits		67,937,855	53,620,903
Total Members' Funds		67,937,855	53,620,903

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 27 to 41.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Statement of Changes in Members' Funds
For the Year Ended 31 December 2022

	Retained Profits \$	Total Members' Funds \$
Balance at 31 December 2020	45,814,801	45,814,801
Net profit after income tax benefit for the year	7,806,102	7,806,102
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	7,806,102	7,806,102
Balance at 31 December 2021	53,620,903	53,620,903
Net profit after income tax expense for the year	14,316,952	14,316,952
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	14,316,952	14,316,952
Balance at 31 December 2022	67,937,855	67,937,855

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 27 to 41.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Statement of Cash Flows

For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		50,478,864	34,810,589
Payments to suppliers and employees (inclusive of GST)		(35,127,743)	(23,597,893)
Interest received		52,627	1,392
Government grants received		8,000	501,522
Rental income received		211,121	180,825
Finance costs paid		-	(66,623)
Income taxes paid		(235,311)	-
		<hr/>	<hr/>
Net cash inflow from operating activities		15,387,558	11,829,812
		<hr/>	<hr/>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(16,389,200)	(2,356,290)
Purchase of investment properties		(3,489,476)	-
Proceeds from sale of property, plant and equipment		3,966,069	310,500
		<hr/>	<hr/>
Net cash used in investing activities		(15,912,607)	(2,045,790)
		<hr/>	<hr/>
Net cash flows from financing activities			
Net repayments of borrowings		-	(1,156,167)
		<hr/>	<hr/>
Net cash used in financing activities		-	(1,156,167)
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		(525,049)	8,627,855
Cash and cash equivalents at the beginning of the financial year		20,003,773	11,375,918
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	3	19,478,724	20,003,773
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 27 to 41.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements.

The financial statements were approved for issue by the Directors on 17 February 2023.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australia Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on a going concern basis.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all 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 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 AASB. The adoption of this standard has not had a significant impact on the Company's financial statements.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 5 & 6
Impairment of assets	Note 5 & 6
Intangible assets	Note 7
Long service leave provision	Note 9

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements
For the Year Ended 31 December 2022

1 Revenue and Other Income

	2022 \$	2021 \$
Sale of Goods Revenue		
Bar sales	2,703,409	1,705,444
Catering sales	2,106,138	1,291,402
	<hr/>	<hr/>
	4,809,547	2,996,846
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	39,912,896	28,003,097
Members' subscriptions	33,931	24,099
Entertainment and promotions	98,385	79,299
Keno sales	131,559	90,638
Commission received	353,906	240,137
Function income	528,403	206,969
Sundry income	592	858
	<hr/>	<hr/>
	41,059,672	28,645,097
	<hr/>	<hr/>
Other Revenues		
Interest revenue	52,627	1,392
Rent received	211,121	180,825
	<hr/>	<hr/>
	263,748	182,217
	<hr/>	<hr/>
Total Revenue	<hr/> 46,132,967	<hr/> 31,824,160
	<hr/>	<hr/>
Other Income		
Net gain on disposal of property, plant and equipment	2,281,301	10,265
Government grants	8,000	501,522
	<hr/>	<hr/>
Total Other Income	2,289,301	511,787
	<hr/>	<hr/>
Total Revenue and Other Income	<hr/> 48,422,268	<hr/> 32,335,947
	<hr/>	<hr/>

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

1 Revenue and Other Income (continued)

Recognition and measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Transfer of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue from the sale of goods comprises of revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at a point in time when the performance obligation is satisfied that is on delivery of goods to the customer.

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised at a point in time when the services are provided.

Government grants are recognised as income when it is reasonably certain that the company complies with the conditions attached to them and when the right to receive payment is established.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Rental income from leases is recognised on a straight-line basis over the term of the relevant lease.

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

2 Income Tax

(a) Income Tax (Expense) / Benefit

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2022 \$	2021 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	3,866,468	8,408,426
Less: Proportion of expenses attributable to non-members	(2,538,219)	(6,536,031)
	<hr/> 1,328,249	<hr/> 1,872,395
Add: Other taxable income	749,213	530,172
Less: Other deductible expenses	(1,408,205)	(1,127,511)
Add: Taxable gain on sale of property	2,814,093	-
Less: Taxable capital works on investment property	(121,379)	-
Less: Tax losses recouped	-	(901,942)
	<hr/> 3,361,971	<hr/> 373,114
Net income subject to tax	<hr/> <hr/> 3,361,971	<hr/> <hr/> 373,114

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Income Tax (continued)

(a) Income Tax (Expense) / Benefit (continued)

	2022 \$	2021 \$
Current income tax applicable to above at rate of 25%	(840,493)	(93,279)
Decrease in deferred tax asset	(271,607)	-
Under provision of current tax liabilities in prior year	(7,605)	-
Recognition of deferred tax asset	-	426,120
	<hr/>	<hr/>
Income tax (expense) / benefit	(1,119,705)	332,841
	<hr/>	<hr/>

Recognition and Measurement

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations. Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

(b) Deferred Tax Assets

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, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted. Deferred tax assets are recognised for deductible temporary differences 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 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. Deferred tax assets have been recognised in the current year due to the likelihood of utilising the recognised income tax benefits in the short term.

	2022 \$	2021 \$
Provisions for employee benefits	97,205	231,887
Property, Plant and equipment	57,308	194,233
	<hr/>	<hr/>
	154,513	426,120
	<hr/>	<hr/>

c) Current tax liabilities

	2022 \$	2021 \$
Current tax liabilities	706,066	93,279
	<hr/>	<hr/>

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

3 Cash and Cash Equivalents

	2022 \$	2021 \$
Cash and cash equivalents	19,478,724	20,003,773

Reconciliation of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2022 \$	2021 \$
Cash on hand and at bank	19,442,003	19,967,144
Term deposits	36,721	36,629
	19,478,724	20,003,773

Recognition and Measurement

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.

4 Trade and other receivables

	2022 \$	2021 \$
Current		
Trade debtors and other receivables	6,451	14,816
Prepayments	230,706	205,900
	237,157	220,716

Recognition and Measurement

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for expected credit losses.

Current trade and other receivables are non-interest-bearing loans and generally on 30-day terms. Current and non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item. There has been no movement in the provision for impairment in receivables during the financial year.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

5 Property, Plant and Equipment

	2022 \$	2021 \$
<i>Freehold land</i>		
<i>At cost</i>	17,003,769	6,157,039
<i>Freehold Buildings</i>		
<i>At cost</i>	29,662,631	27,632,008
<i>Less accumulated depreciation</i>	(8,649,974)	(7,904,192)
	21,012,657	19,727,816
<i>Plant, equipment, furniture and fittings</i>		
<i>At cost</i>	28,084,623	30,090,164
<i>Less accumulated depreciation</i>	(17,788,341)	(19,301,558)
	10,296,282	10,788,606
<i>Motor Vehicles</i>		
<i>At cost</i>	436,823	516,702
<i>Less accumulated depreciation</i>	(165,915)	(162,251)
	270,908	354,451
Total property, plant and equipment net book value	48,583,616	37,027,912

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

5 Property, Plant and Equipment (continued)

	2022 \$	2021 \$
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year are set out below:		
Freehold Land		
Carrying amount at the beginning of the year	6,157,039	6,157,039
Additions during the year	11,236,730	-
Disposals	(390,000)	-
	<hr/>	<hr/>
Carrying amount at the end of the year	17,003,769	6,157,039
	<hr/>	<hr/>
Freehold Buildings		
Carrying amount at the beginning of the year	19,727,816	20,057,709
Additions during the year	2,396,486	566,751
Depreciation expense	(919,458)	(896,644)
Disposals	(192,187)	-
	<hr/>	<hr/>
Carrying amount at the end of the year	21,012,657	19,727,816
	<hr/>	<hr/>
Plant, equipment, furniture and fittings		
Carrying amount at the beginning of the year	10,788,606	11,902,450
Additions	2,701,495	1,433,747
Disposals	(1,057,421)	(243,120)
Depreciation expense	(2,136,398)	(2,304,471)
	<hr/>	<hr/>
Carrying amount at the end of the year	10,296,282	10,788,606
	<hr/>	<hr/>
Motor Vehicles		
Carrying amount at the beginning of the year	354,451	135,741
Additions	54,489	355,792
Disposals	(45,160)	(57,115)
Depreciation expense	(92,872)	(79,967)
	<hr/>	<hr/>
Carrying amount at the end of the year	270,908	354,451
	<hr/>	<hr/>

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

5 Property, Plant and Equipment (continued)

Valuation basis

The independent valuations of the company's freehold land and buildings were carried out as at November 2020 on the basis of open market value for existing use. As freehold land, buildings and plant and equipment are recorded at cost the valuations have not been brought to account. The directors do not believe that there has been a material movement in fair value since the valuation date.

Recognition and Measurement

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Capital works in progress is transferred to property, plant and equipment and depreciated when completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

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 carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

Key Estimate and Judgement: 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. 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.

The rates applied to the classes of assets are:

Class	Method	Rate
Poker Machines	Diminishing	30 - 50%
Plant and Equipment	Diminishing	9 - 40%
Furniture & Fittings	Diminishing	10 - 60%
Motor Vehicles	Diminishing	22.5% - 50%
Buildings	Diminishing	2.5% to 5%

Key Estimate and Judgement: Impairment

The company assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves determining fair value which incorporates a number of key estimates and assumptions.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

5 Property, Plant and Equipment (continued)

Core Properties

The Club's Core properties are the following:

- Licensed premises at 88-102 Smithfield Road, Smithfield except Club's premises of 1,652 square metres situated at the north eastern corner of the club house and adjacent car park.
- Holiday cottages for use by members located at:
 - 98-100 Greenwell Point Road, Greenwell Point

Non-core Properties

The following are the Club's non-core properties:

- Investment properties leased to tenants at market value located at;
 - 3 O'Connell Street, Smithfield (acquired during the 2022 financial year)
 - 5 O'Connell Street, Smithfield (acquired during the 2022 financial year)
 - 11 O'Connell Street, Smithfield
 - 13 O'Connell Street, Smithfield
 - 41 Neville Street, Smithfield
 - 43 Neville Street, Smithfield
 - 45 Neville Street, Smithfield
 - 152A Brenan Street, Smithfield
- Vacant land located at;
 - 7 O'Connell Street, Smithfield
 - 31 Neville Street, Smithfield (acquired during the 2022 financial year)
 - 33 Neville Street, Smithfield (acquired during the 2022 financial year)
 - 35 and 35A Neville Street, Smithfield
 - 37A and 37C Neville Street, Smithfield
 - 39 Neville Street, Smithfield
 - 148 Brenan Street, Smithfield (acquired during the 2022 financial year)
 - 150A Brenan Street, Smithfield
 - 154 Brenan Street, Smithfield
- Club Premises being approximately 1652 square metres situated at the north eastern corner of the club house and adjacent car park.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

6 Investment Properties

	2022 \$	2021 \$
Investment properties		
<i>At cost</i>	8,381,662	4,892,186
<i>Accumulated depreciation</i>	(703,736)	(582,357)
	<hr/>	<hr/>
	7,677,926	4,309,829
	<hr/>	<hr/>
Movements in Carrying Amounts		
Carrying amount at beginning of year	4,309,829	4,414,334
Additions	3,489,476	-
Depreciation expense	(121,379)	(104,505)
	<hr/>	<hr/>
Carrying amount at end of year	7,677,926	4,309,829
	<hr/>	<hr/>

Valuation Basis

The independent valuation of the company's investment property was carried out as at November 2020 on the basis of open market value for existing use. As investment properties are recorded at cost the valuations have not been brought to account. The directors do not believe that there has been a material movement in fair value since the valuation date.

Recognition and Measurement

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at cost value.

Leasing Arrangements

The investment properties are leased to tenants under short term leases with rentals payable weekly.

Key Estimate and Judgement: Impairment

The company assesses impairment of investment properties at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves determining fair value which incorporates a number of key estimates and assumptions.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

7 Intangible Assets

	2022 \$	2021 \$
Poker machine entitlements	186,674	186,674

Poker machine entitlements represent entitlements purchased or acquired through amalgamation.

Recognition and Measurement

Poker machine entitlements are not amortised as they are deemed to have an indefinite useful life. They have an indefinite useful life as they do not expire and under current government legislation there is no plan to remove such entitlements. As a result, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Impairment Tests for Poker Machine Entitlements

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The company used the pre-tax cash flows generated from the poker machines net revenues generated and calculated the present values of these future cash flows at an appropriate discount rate to arrive at the total value of these entitlements. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The value thus arrived, was in excess of the carrying value and accordingly no impairment losses were recognised.

Key Estimate and Judgement: Intangible Assets

Impairment of poker machine entitlements is recognised based on a value-in-use calculation and is measured at the present value of the estimated future cash flows available to the company from the use of these entitlements. In determining the present value of the future cash flows, assumptions regarding growth rates and appropriate discount factors have been applied to the cash flows.

	2022 \$	2021 \$
8 Trade and Other Payables		
Current		
Trade creditors	1,180,147	632,898
Goods and Services Tax (GST) payable	342,707	346,327
Poker machine duty payable	1,281,411	3,308,386
Other creditors and accruals	614,046	393,635
	<u>3,418,311</u>	<u>4,681,246</u>

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

9 Employee Benefits

	2022	2021
	\$	\$
Aggregate liability for employee benefits including oncosts:		
Current	4,195,890	3,701,861
Non-current	56,232	56,442
	<hr/>	<hr/>
	4,252,122	3,758,303
	<hr/>	<hr/>

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Assumed rate of increase in wages and salary rates	2.70%	2.10%
Discount rate	3.57%	1.61%

Superannuation Plans

Contributions

The company is under a legal obligation from 1 July 2022 to contribute 10.50% of each employee's base salary to a superannuation fund. Superannuation paid for the year was \$818,083 (2021: \$604,524).

Recognition and Measurement

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Key Estimate and Judgement: Long service leave provision

The liability for long service leave is 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.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

10 Other liabilities

	2022 \$	2021 \$
Current		
Income in advance	17,420	16,799
	<hr/>	<hr/>
Non-Current		
Income in advance	151,584	131,548
	<hr/>	<hr/>

11 Borrowings

Assets pledged as security

The company has a Business Market Loan facility of \$7,000,000 with National Australia Bank. As at the balance sheet date no drawdowns have been made. The business marked loan facility loan were secured by registered first mortgage and fixed and floating charge over all land and buildings and investment properties of the Club.

12 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Colin Evans
Dan Hayes
Eugene Kajan
Richard Schlyder
Perry Mansfield
Ellis Noack
Steve Todeski

(b) Key Management Personnel Compensation

	2022 \$	2021 \$
Directors Honorarium and Benefits and payments made to Key Management Personnel	3,153,032	3,006,085
	<hr/>	<hr/>

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The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

13 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 12.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

During the year, the company made purchases from director related entity amounting to \$31,702 (2021: \$1,342). These transactions were done at arm's length basis. Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

14 Auditors' Remuneration

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

	2022 \$	2021 \$
Audit services		
Audit of the financial statements	42,000	39,000
Other services		
Preparation and lodgement of tax returns	5,500	5,500
	<hr/>	<hr/>

15 Member Mortality Commitments

The company has a contingent liability restricted towards eligible members who joined the Club in 1998 or prior and have continued to be financial members. In the event that an eligible member passes away, an amount of \$150 (member for 10 years or greater) can be claimed by the deceased members' next of kin. As at 31 December 2022 there were 1807 members (2021: 1,953). As the extent to which a claim will be received and the timing of the payment cannot be determined, no liability has been recognised.

16 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have 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.

The Leo-McCarthy Memorial Smithfield R.S.L Sub-Branch Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

17 Company Details

The company is incorporated and domiciled in Australia as a company limited by guarantee.

The number of members as at 31 December 2022 and the comparison with last year is as follows:

Class	Number		Liability of members on a wind up	
	2022	2021	2022	2021
Service members	178	191	\$890	\$955
Associate members	20,725	17,606	\$103,625	\$88,030
Honorary Life members	7	4	\$35	\$20
Total	20,910	17,801	\$104,550	\$89,005

The registered office and principal place of business for the company is The Leo-McCarthy Memorial Smithfield R.S.L Sub Branch Club Limited, Cnr Cumberland Highway & Neville Street, Smithfield, NSW, 2164.

18 Summary of Other Significant Accounting Policies

(a) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(b) Inventory

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis.



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NOTES







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