LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED

ABN 45 167 669 249

Financial Report For The Year Ended 30 June 2022

Lismore Heights Sports, Recreation and Community Club Limited

ABN 45 167 669 249

Financial Report For The Year Ended 30 June 2022

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LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN: 45 167 669 249
REPORT OF THE DIRECTORS'

The Directors of Lismore Heights Sports, Recreation and Community Club Limited (ABN 45 167 669 249 (the “Club”), submit their report for the company for the year ended 30 June 2022.

Directors

The names of the Directors of the Club in office during the financial year and until the date of this report are:

John Donadel	Acting Chairperson
Ron Marriott	Vice Chairperson (resigned 15 June 2022)
Geoffrey Cahill	Treasurer
Rhonda Baker	Secretary
Darryl Bruggy	Director (appointed 8 November 2021)
Terry Fields	Director (appointed 8 November 2021)
Janice Ianna	Director (appointed 8 November 2021)
Brendan Coffey	Director (resigned 8 November 2021)

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal Activities

The principal activities of the Club during the financial year have been the operation of a licenced bowls and sports club. There have been no significant changes in the nature of those activities during the financial year.

Short Term Objectives

The Club's short term objectives are:

- Provide a first class sporting and entertainment venue for the Lismore community.
- Establish a strong and viable revenue base that will support the ongoing sustainability of the Lismore Heights Sports, Recreation and Community Club Limited.
- Grow existing membership and enhance the facilities for both members and visitors alike.
- Maximise the Clubhouse facilities to increase our capacity to access new markets in functions and hospitality and leisure.
- Encourage, recognise, value the contribution of all volunteers within the Club.

Long Term Objectives

The Club's long term objectives are:

- Build a stronger brand awareness and recognition in the Region for the Club.
- Enhance our perception in the community as a business of excellence with a focus on social, environment and economic responsibility.

Strategies

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

- Develop appropriate financial model to support the objectives.
- Use targeted promotion of the Club, and a program to increase the profile in the wider community.
- Maintain and improve the bowling and social facilities where necessary.
- Ensure the roles of the existing stakeholders are co-ordinated.

Information on Directors

John Donadel	—	Director
Experience	—	Current director since 21 November 2014
Special Responsibilities	—	Acting Chairperson
Ron Marriott	—	Director
Experience	—	Current director since 25 October 2015
Special Responsibilities	—	Vice Chairperson
Geoffrey Cahill	—	Director
Special Responsibilities	—	Treasurer
Experience	—	Current director since 22 January 2014
Rhonda Baker	—	Director
Special Responsibilities	—	Secretary
Experience	—	Current director since 22 January 2014
Darryl Bruggy	—	Director
Experience	—	Current director since 8 November 2021
Terry Fields	—	Director
Experience	—	Current director since 8 November 2021
Janice Ianna	—	Director
Experience	—	Current director since 8 November 2021

Company Secretary

Rhonda Baker became the Company Secretary in January 2014.

Meetings of Directors

During the financial year, 12 ordinary meetings and 3 extra ordinary meetings of directors was held. Attendances by each director during the year were as follows:

	Ordinary Directors' Meetings		Special Directors' Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Donadel	12	12	3	3
Ron Marriott	12	11	3	2
Geoffrey Cahill	12	11	3	3
Rhonda Baker	12	12	3	3
Darryl Bruggy	8	8	3	2
Terry Fields	8	8	3	2
Janice Ianna	8	7	3	2
Brendan Coffey	4	4	-	-

Proceedings on Behalf of Company

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

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

Significant Changes in State of Affairs

The Club expects to maintain the present status and level of operations and hence there are no likely developments in the Club's operations, subject to any public health orders surrounding Covid-19.

After Balance Date Events

Subsequent to the end of the financial year the Covid-19 Public Health Orders continue to evolve. The longer term effect of these Orders is still unknown on the financial position at the date of signing this report. There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Club's operations, the results of those operations or the Club's state of affairs in future financial years.

Likely Developments

The Club expects to maintain the present status and level of operations and hence there are no likely developments in the Club's operations, subject to any public health orders surrounding Covid-19.

Auditor's Independence Declaration

An independence declaration has been provided to the Directors by the auditor of Lismore Heights Sports, Recreation and Community Club Limited, MF Partners Chartered Accountants, and is attached to the Directors' report.

Signed in accordance with a resolution of the Directors.

John Donadel
Acting Chairperson

Geoffrey Cahill
Treasurer

Signed at Lismore
10th October 2022

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN: 45 167 669 249

In relation to our audit of the financial report of Lismore Heights Sports, Recreation and Community Club Limited for the year ended 30 June 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

MF Partners Chartered Accountants

Mark Charter
Partner

10th October 2022

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN 45 167 669 249
PROFIT AND LOSS AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue	2	1,664,469	1,336,258
Other income	2	3,903	6,578
Employee benefits expense	3	(468,111)	(408,367)
Depreciation and amortisation expense	3	(169,010)	(128,841)
Finance costs	3	(1,787)	(6,627)
Bar cost of goods sold	3	(423,994)	(324,436)
Repairs & Maintenance	3	(33,448)	(34,682)
Rental expense	3	-	-
Audit expense	3	(5,780)	(5,640)
Loss on Disposal of Assets	3	-	-
Other expenses	3	(285,762)	(266,131)
Profit (Loss) before income tax		280,481	168,113
Income tax expense			-
Profit (Loss) for the year		280,481	168,113
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Profit (Loss) attributable to members of the entity		280,481	168,113
Total comprehensive income attributable to members of the entity		280,481	168,113

The accompanying notes form part of these financial statements.

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN 45 167 669 249
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	891,378	459,706
Trade and other receivables	5	14,798	5,224
Inventories	6	51,098	33,196
Other assets	7	19,260	19,790
Financial assets	8	100,000	100,000
TOTAL CURRENT ASSETS		1,076,534	617,916
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,726,962	3,855,483
Right of use assets	10	57,981	86,967
TOTAL NON-CURRENT ASSETS		3,784,943	3,942,450
TOTAL ASSETS		4,861,476	4,560,366
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	182,705	102,590
Subscriptions in advance	11	13,348	11,098
Accrued expenses	12	-	-
Borrowings	13	30,958	70,740
Short term provisions	14	32,341	24,669
TOTAL CURRENT LIABILITIES		259,351	209,097
NON-CURRENT LIABILITIES			
Borrowings	13	30,764	60,389
Long term provisions	14	-	-
TOTAL NON-CURRENT LIABILITIES		30,764	60,389
TOTAL LIABILITIES		290,115	269,486
NET ASSETS		4,571,361	4,290,880
EQUITY			
Retained earnings		4,571,361	4,290,880
Reserves		-	-
TOTAL EQUITY		4,571,361	4,290,880

The accompanying notes form part of these financial statements.

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED ABN 45 167 669 249
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Retained Earnings	Revaluation Surplus	Match Committee Reserve	Cadets Reserve	Total
	$	$	$		$
Balance at 1 July 2020	4,122,767	-	-	-	4,122,767
Profit (Loss) attributable to the entity	168,113	-	-	-	168,113
Revaluation of Buildings and Infrastructure	-	-	-	-	-
Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2021	4,290,880	-	-	-	4,290,880
Profit (Loss) attributable to the entity	280,481	-	-	-	280,481
Revaluation of Buildings and Infrastructure	-	-	-	-	-
Reserve added (utilised)	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2022	4,571,361	-	-	-	4,571,361

The accompanying notes form part of these financial statements.

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN 45 167 669 249
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and visitors		1,668,098	1,381,410
Payments to suppliers and employees		(1,157,923)	(1,023,462)
Interest received		288	1,541
Finance costs		(1,787)	(6,627)
Net cash provided by/(used in) operating activities	19(b)	508,676	352,863
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(11,499)	(43,462)
Net cash provided by/(used in) investing activities		(11,499)	(43,462)
CASH FLOW FROM FINANCING ACTIVITIES			
Fundraising and contributions		3,903	6,578
Fundraising expenses		-	-
Repayment of borrowings		(69,408)	(55,177)
Increase in borrowings		-	-
Net cash provided by/(used in) financing activities		(65,505)	(48,599)
Net increase/(decrease) in cash held		431,671	260,802
Cash and cash equivalents at the beginning of the financial year		559,707	298,904
Cash and cash equivalents at the end of the financial year	19(a)	991,378	559,707

The accompanying notes form part of these financial statements.

The financial statements are for Lismore Heights Sports, Recreation and Community Club Limited as an individual entity, incorporated and domiciled in Australia. Lismore Heights Sports, Recreation and Community Club Limited is a company limited by guarantee.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) the *Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012* . Lismore Heights Sports, Recreation and Community Club Limited has elected to adopt the pronouncements AASB 1060 General Purpose Financial Statements – Simplified Disclosures for ForProfit and Not-for-Profit Tier 2 Entities.

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

Lismore Heights Sports, Recreation and Community Club Limited is a not-for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

(a) Revenue

Revenue generated by the Club is categorised into the following segments:

- The operation of a bowling and sports club
- The operation of a clubhouse

The operation of bowling and sporting activities involves income in the form of membership and green fees. The green fees are recognised when paid to play bowls. The membership is only recognised as "earned", so monthly the annual membership fee relating to that month is bought to account as income (ie when the performance obligation has been met).

The operation of the Clubhouse provides entertainment for members and temporary members. The provision of these services are recognised as income a performed as the performance obligation is recognised at the time of payment.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Government Grants
Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

All revenue is stated net of the amount of goods and services tax (GST).

Note 1 Summary of Significant Accounting Policies

(b) Inventories

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment

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

Property

The land is a Crown lease. The buildings have been bought to account at 60% of the insured value of the building following the de-amalgamation from Lismore Workers Club Limited.

In periods when the buildings are not subject to a valuation, the directors do an assessment of the value to ensure the carrying amount for the land and buildings is not materially different to the fair value.

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

The revalued buildings are depreciated at 2.5%.

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Any plant and equipment acquired for less than $2,000 are expensed immediately.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10-25%
Office Equipment	10-25%
Furniture and Fittings	10-25%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Note 1 Summary of Significant Accounting Policies

(d) Leases

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

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

(e) Financial Instruments

Initial Recognition and Measurement

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

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

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

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

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

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

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

Note 1 **Summary of Significant Accounting Policies**

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

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

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

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

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:
— the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
— the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:
— amortised cost;
— fair value through other comprehensive income; or
— fair value through profit or loss.

Measurement is on the basis of two primary criteria:
— the contractual cash flow characteristics of the financial asset; and
— the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:
— the financial asset is managed solely to collect contractual cash flows; and
— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:
— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
— the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

The Club initially designates a financial instrument as measured at fair value through profit or loss if:
— it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
— it is in accordance with the documented risk management or investment strategy, and information about the groupings is documented appropriately, so that the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

Note 1 Summary of Significant Accounting Policies

— it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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

Equity instruments

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

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

Derecognition

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

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

— the right to receive cash flows from the asset has expired or been transferred;

— all risk and rewards of ownership of the asset have been substantially transferred; and

— the Club no longer controls the asset (ie it has no practical ability to make a unilateral decision to sell the asset to a third party).

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

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

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

Impairment

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

— financial assets that are measured at amortised cost or fair value through other comprehensive income;

— lease receivables;

— contract assets (eg amounts due from customers under contracts);

— loan commitments that are not measured at fair value through profit or loss; and

— financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

— financial assets measured at fair value through profit or loss; or

— equity instruments measured at fair value through other comprehensive income.

Note 1 Summary of Significant Accounting Policies

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

The company uses the following approaches to impairment, as applicable under AASB 9:
— the general approach
— the simplified approach
— the purchased or originated credit impaired approach; and
— low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Club assesses whether the financial instruments are credit-impaired, and:
— if the credit risk of the financial instrument has increased significantly since initial recognition, the Club measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or

— if there is no significant increase in credit risk since initial recognition, the Club measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:
— trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers that contain a significant financing component; and
— lease receivables.

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

Purchased or originated credit-impaired approach

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

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

Low credit risk operational simplification approach

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

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

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

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

Recognition of expected credit losses in financial statements

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

Note 1 Summary of Significant Accounting Policies

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

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

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

(f) Impairment of Assets

At the end of each reporting period, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

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

(g) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Note 1 Summary of Significant Accounting Policies

(h) Cash and Cash Equivalents

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented 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.

(j) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997* .

(k) Intangibles

Poker Machine Entitlements

Poker Machine Entitlements which have been acquired for nil cost have not had a value assigned to them. Due to the price volatility and the ability of government policy to dramatically affect the carrying value of the entitlements, obtaining a fair value is considered too subjective. The Club currently has 11 entitlements of which 11 are utilised.

(l) Provisions

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

(m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.
When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Critical accounting estimates and judgments

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

Key Estimates

Impairment

The buildings had there value assessed in 2015, which is based on 60% of the insured value of the building.

Indefinite Crown Lease

The Club has a Crown lease , with an indefinite period. Given the adoption of AASB 16, the lease term has been interpreted as 5 years for the purpose of AASB 16, which is the strategic planning cycle of the Club.

(p) Economic Dependence

Lismore Heights, Sport, Recreation and Community Club Limited is dependent on the current licencing and gaming rules for a significant portion of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the current licencing and gaming rules will not continue to be favourable for the Club.

(q) New and Amended Accounting Policies Adopted by the Entity

The Club has not had any material impact on prior year comparatives from the adoption of new accounting standards.

Note 2 Revenue and Other Income

	Note	2022	2021
		$	$
Revenue			
— ATM Commissions		11,522	9,129
— Bar Sales		885,969	699,552
— Bowls Income		39,955	52,553
— Clubhouse Income		1,304	781
— Commissions Received		44,921	39,297
— Cash Boost - ATO/ Job Saver		12,470	19,457
— Grant Income		-	-
— Job Keeper		-	58,500
— Poker Machine Net Revenue		646,895	429,095
— Raffle Income		8,811	10,566
— Rental Income		5,495	6,223
— Subscriptions Members		8,143	8,122
— Sponsorship Income		-	-
— Other		(1,304)	1,443
		1,664,181	1,334,717
Other Revenue			
— Dividends received		-	-
Interest received on financial assets		288	1,541
		288	1,541
Total Revenue		1,664,469	1,336,258
Other Income			
Gain on disposal of property, plant and equipment		-	-
Fundraising and Donation Income		3,903	6,578
Total Other Income		3,903	6,578
Comprehensive Income			
Buildings Acquired for Nil Consideration		-	-
Plant and Equipment Acquired for Nil Consideration		-	-
		-	-
Total Revenue and Other Income		1,668,372	1,342,836

Note 3 Expenses

		2022	2021
		$	$
(a)	**Expenses**		
	Depreciation and Amortisation	140,021	123,016
	Depreciation Right of Use Assets	28,989	5,825
	Total Depreciation and Amortisation	169,010	128,841
	Interest expense on financial liabilities not at fair value through profit or loss	1,787	6,627
	Doubtful debts expense	-	-
	Loss on disposal of non-current assets	-	-
	Auditor Remuneration		
	— audit services	5,780	5,300
	— other services	-	340
	Total Audit Remuneration	5,780	5,640

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN 45 167 669 249
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 3 **Expenses**

	2022	2021
	$	$
Employee Benefit Expense	468,111	408,367
Rental payments	0	0
Bar Cost of Goods Sold	423,994	324,436
Repairs & Maintenance	33,448	34,682
Advertising	4,793	2,968
Accountancy	147	397
Bank Fees	11,905	663
Catering	0	0
Club Activities	1,000	5,500
Consultancy and Contractors	4,722	4,333
Cleaning	38,095	35,647
Directors Expenses	1,984	574
Electricity & Gas	48,267	44,607
Fees, Permits and Subscriptions	20,401	29,160
Fundraising Expenses	0	0
Insurance	44,382	35,771
Kitchen Costs	0	0
Keno & TAB Costs	0	0
Legal Expenses	0	0
Minor Equipment Purchases	23,812	18,520
Members Benefits	9,420	2,064
Motor Vehicle Costs	5,562	4,731
Music, Entertainment and Amenities	9,418	2,227
Office Expenses	6,154	8,874
Poker Machine Costs	12,907	12,976
Raffles and Promotion	0	0
Rates & Water	23,477	31,299
Staff Amenities and Uniforms	676	820
Security	8,345	5,093
Sponsorship	2,000	6,000
Telephone/ Internet	2,884	2,933
Other	5,412	10,974
Total Other Expenses	285,762	266,131

Note 4 **Cash and Cash Equivalents**

	Note	2022	2021
		$	$
CURRENT			
Cash at bank		843,378	421,706
Cash on Hand		48,000	38,000
Sub Club Monies Held in Trust		-	-
	20	891,378	459,706

Note 5 Trade and Other Receivables

	Note	2022	2021
		$	$
CURRENT			
Trade receivables		13,332	-
Provision for impairment	5(i)	-	-
		13,332	-
Other receivables		1,466	5,224
Total current trade and other receivables	20	14,798	5,224

(i) Provision for Impairment of Receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	$
Provision for impairment as at 1 July 2020	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2021	-
- Charge for year	-
- Written off	-
Provision for impairment as at 30 June 2022	-

Credit risk - Trade and Other Receivables

The Club does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Club.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired (days overdue)				
2022	Gross Amount $	Past due and impaired $	<30 $	31 – 60 $	61 – 90 $	>90 $	Within initial trade terms $
Trade and term receivables	13,332	-	-	-	-	13,332	-
Other receivables	1,466	-	-	-	-	-	1,466
Total	14,798	-	-	-	-	13,332	1,466

			Past due but not impaired (days overdue)				
2021	Gross Amount $	Past due and impaired $	<30 $	31 – 60 $	61 – 90 $	>90 $	Within initial trade terms $
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	5,224	-	-	-	-	-	5,224
Total	5,224	-	-	-	-	-	5,224

The Club does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

There are no balances within trade receivables that contain assets that are not impaired and are past due. It is expected that these balances will be received when due.

Note 6 Inventories

	2022	2021
	$	$
CURRENT		
At cost		
Bar Stock	51,098	33,196
	51,098	33,196
At current replacement cost		
Bar Stock	88,100	57,235
	88,100	57,235

Note 7 Other Assets

	2022	2021
	$	$
CURRENT		
Prepayments	19,260	19,790
	19,260	19,790

Note 8 Financial Assets

		2022	2021
	Note	$	$
CURRENT			
Financial assets at amortised cost	8a	100,000	100,000
		100,000	100,000
a. Financial assets at amortised cost			
— Government and fixed interest securities	20	100,000	100,000

Note 9 Property, Plant and Equipment

	2022	2021
	$	$
LAND AND BUILDINGS		
Buildings & Improvements at fair value:		
— Buildings at Directors Valuation - 2015	3,768,000	3,768,000
Less accumulated depreciation	(188,399)	(150,720)
Total buildings	3,579,601	3,617,280
Total land and buildings	3,579,601	3,617,280
PLANT AND EQUIPMENT		
Plant & Equipment		
At cost	344,029	344,029
Less accumulated depreciation	(276,142)	(232,742)
	67,887	111,287
Office Equipment		
At cost	10,775	10,775
Accumulated depreciation	(10,708)	(10,351)
	67	424
Furniture and Equipment		
At cost	41,144	41,144
Less accumulated depreciation	(29,720)	(23,718)
	11,424	17,426
Restaurant Equipment		
At cost	31,695	31,695
Less: Accumulated Depreciation	(22,107)	(18,074)
	9,588	13,621
Motor Vehicles		
At cost	17,273	17,273
Less: Accumulated Depreciation	(8,821)	(5,366)
	8,452	11,906

Note 9 Property, Plant and Equipment

Poker Machines		
At cost	208,011	196,511
Less: Accumulated Depreciation	(158,068)	(112,974)
	49,943	83,537
Total plant and equipment	147,361	238,203
Total property, plant and equipment	3,726,962	3,855,483

Movements in Carrying Amounts

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

	Buildings $	Plant and Office Equipment $	Motor Vehicles $	Poker Machines $	Total $
2021					
Balance at the beginning of the year	3,654,960	188,933	15,361	75,781	3,935,035
Additions at cost	-	10,090	-	33,372	43,462
Transfers between categories	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increment	-	-	-	-	-
Depreciation expense	(37,680)	(56,263)	(3,455)	(25,618)	(123,016)
Carrying amount at end of year	3,617,280	142,760	11,906	83,535	3,855,483
2022					
Balance at the beginning of the year	3,617,280	142,760	11,906	83,535	3,855,481
Additions at cost	-	-	-	11,500	11,500
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(37,679)	(53,794)	(3,455)	(45,094)	(140,021)
Carrying amount at end of year	3,579,601	88,966	8,451	49,943	3,726,962

Poker Machine Entitlements

As at 30 June 2022 the Club holds 11 poker machine entitlements, of which 11 are in use currently. The entitlements in certain circumstances can be traded, with government regulation controlling this process. With the uncertainty in valuing the entitlements due to changes in government laws, and the potential for pre-commitment technology impacting this further, the entitlements have continued to be carried at nil.

Asset revaluations

The buildings were valued in 2015 by the Directors. The valuation was based using 60% of the insured value. The land is a Crown lease. No consideration was paid by the Club for the Buildings and infrastructure and the fair value model was used whereby frequent revaluations are used to ensure the assets are carried at fair value.

Note 10 Right of Use Assets

The Club has leases for it premises

i) AASB 16 related amounts recognised on the balance sheet

	2022	2021
NON CURRENT	$	$
Right of Use Assets	133,467	144,945
Less: Accumulated Depreciation	(75,486)	(57,978)
	57,981	86,967

Note 10 Right of Use Assets

ii) AASB 16 related amounts recognised in the profit and loss	2022
	$
Depreciation charged on right of use assets	28,989
Short term lease expense	-
Low Value lease expenses	-
Interest right of use assets	1,098

Note 11 Trade and Other Payables

		2022	2021
		$	$
CURRENT			
Trade creditors		54,753	23,283
Subscriptions in advance		13,348	11,098
Sub Club Monies Held		46,104	34,864
Other current payables		81,848	44,443
	11(a)	196,053	113,688

		2022	2021
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		196,053	113,688
— Total Non-Current		-	-
		196,053	113,688
Less deferred income		-	-
Less annual leave entitlements		-	-
Financial liabilities as trade and other payables	20	196,053	113,688

Note 12 Accrued Expenses

	2022	2021
	$	$
Accrued Expenses	-	-
	-	-

Note 13 Borrowings

	Note	2022	2021
		$	$
CURRENT			
Bank Loans		1,103	41,772
Lease Liability		29,855	28,968
		30,958	70,740
NON-CURRENT			
Bank loan		-	-
Lease Liability		30,764	60,389
		30,764	60,389
TOTAL BORROWINGS	20	61,722	131,129

The loans are unsecured.

Note 14 Provisions

CURRENT	2022	2021
Short-term Employee Benefits	$	$
Opening balance at start of year	24,669	19,657
Additional provisions raised during year	32,768	28,586
Amounts used	(25,096)	(23,574)
Balance at end of year	32,341	24,669

	2022	2021
Analysis of Total Provisions	$	$
Current	32,341	24,669
Non-current	-	-
	32,341	24,669

Provision for Long-term Employee Benefits
A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 15 Capital and Leasing Commitments

(a) Finance Lease Commitments	2022	2021
Payable – minimum lease payments	$	$
— not later than 12 months	61,024	29,618
— later than 12 months but not later than 5 years	-	61,024
— greater than 5 years	-	-
Minimum lease payments	61,024	90,642
Less future finance charges	(405)	(1,285)
Present value of minimum lease payments	60,619	89,357

The leased assets will be fully owned at the end of the lease period.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2022	2021
Payable – minimum lease payments	$	$
— not later than 12 months	-	-
— later than 12 months but not later than 5 years	-	-
— greater than 5 years	-	-
	-	-

Note 16 Contingent Liabilities and Assets

	2022	2021
	$	$

The directors are not aware of any contingent assets or liabilities at the date of signing this report.

Note 17 Events After the Reporting Period

Subsequent to the end of the financial year the Covid-19 Public Health Orders continue to evolve. The longer term effect of these Orders is still unknown on the financial position at the date of signing this report. There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Club’s operations, the results of those operations or the Club’s state of affairs in future financial years.

Note 18 Related Party Transactions

There were no related party transactions were noted for the year.

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

Note 19 Cash Flow Information

		Note	2022 $	2021 $
(a)	**Reconciliation of cash**			
	Cash at bank		891,378	459,706
	Bank Overdraft		-	-
	Financial assets at amortised cost		100,000	100,000
		4	991,378	559,706
(b)	**Reconciliation of cash flow from operations with profit after income tax**			
	Profit (loss) after income tax		280,481	168,113
	Non cash flows			
	Depreciation and amortisation		140,021	123,016
	Right of Use Assets Depreciation and Interest		28,986	8,892
	Net Fundraising Income		(3,903)	(6,578)
	Profit on sale of property, plant and equipment		-	-
	Loss on sale of property, plant and equipment		-	-
	Change in assets and liabilities			
	(Increase)/decrease in trade and other receivables		(9,574)	42,925
	Increase/(decrease) in trade and other payables		82,365	28,493
	Increase/ (decrease) in provisions		7,671	5,012
	(Increase)/decrease in inventories		(17,902)	(13,996)
	(Increase)/decrease in prepayments		530	(3,014)
			508,676	352,863

Note 20 Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	**2022** **$**	**2021** **$**
Financial Assets			
Cash and cash equivalents	4	891,378	459,706
Receivables	5	13,332	-
Financial asset at amortised cost			
— Government and fixed interest securities	8(a)	100,000	100,000
Total Financial Assets		1,004,710	559,706
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	11	54,753	23,283
— Borrowings	13	61,722	131,129
Total Financial Liabilities		116,475	154,412

Note 21 Capital Management

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised. The executive committee ensures that the overall risk management strategy is in line with this objective.

The executive committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 40%.

The gearing ratios for the years ended 30 June 2022 and 30 June 2021 are as follows:

	Note	2022 $	2021 $
Total borrowings	13	61,722	131,129
Total equity (reserves + retained earnings)		4,571,361	4,290,880
Gearing ratio		**1.4%**	**3.1%**

Note 22 Reserves

a. Revaluation Surplus

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this surplus.

Note 23 Entity Details

The registered office of the entity is:

Lismore Heights Sports, Recreation and Community Club Limited
High Street
LISMORE HEIGHTS NSW 2480

The principal place of business is:

Lismore Heights Sports, Recreation and Community Club Limited
High Street
LISMORE HEIGHTS NSW 2480

Note 24 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstandings and obligations of the entity. At 30 June 2022 the number of members is 1590 (2021: 1185).

Note 25 Key Management Remuneration

	Short term benefits ($)	Post employment benefits ($)	Other long term benefits ($)	Total ($)
2022				
Total compensation	91,286	-	-	91,286
2021				
Total compensation	84,788	-	-	84,788

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED
ABN: 45 167 669 249
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lismore Heights Sports, Recreation and Community Club Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the company are in accordance with the Corporations Act 2001,

- (i) Giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the year ended on that date;
- (ii) Complying with the Accounting Standards Simplified Disclosure, the Australian Charities and Not-for-profits Commission Act 2012 and *Corporations Regulations 2001.*

(b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

John Donadel
Acting Chairperson

Geoffrey Cahill
Treasurer

Signed at Lismore
10th October 2022

LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED ABN 45 167 669 249
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LISMORE HEIGHTS SPORTS, RECREATION AND COMMUNITY CLUB LIMITED

Opinion

I have audited the financial report of Lismore Heights Sports, Recreation and Community Club Limited which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion the financial report of Lismore Heights Sports, Recreation and Community Club Limited has been prepared in accordance with Corporations Act 2001, including:

a) giving a true and fair view of the companys's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards Simplified Disclosure and the Corporations Act 2001.

Basis for my Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion..

Responsibilities of Directors' [and Those Charged with Governance] for the Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards Simplified Disclosure 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 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors'.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion:

(i) the governing Board and company have complied with reporting obligations imposed by Corporations Act 2001 and regulations;

(ii) I have been given all the information, explanations and assistance necessary to conduct the audit and sufficient financial records we kept to enable the financial report to be prepared and audited.

Name of Firm: **MF Partners Chartered Accountants**

Name of Partner: **Mark Charter**

Address: **Level 1, 95 Tamar Street, BALLINA NSW 2478.**

Dated this 10th October 2022.