



NELSON BAY GOLF CLUB LIMITED ABN 66 001 023 847

Annual Report & Financial Statements

Year Ended 30th June 2023

OUR MISSION IS TO:

- Provide a high quality golf course which will challenge & reward golfers of all standards
- Be the best golfing destination in regional New South Wales
- Be a vibrant social hub for our community

President's Report

This report is presented at the 62nd Annual General Meeting of the Nelson Bay Golf Club on behalf of your Board of Directors.

From a Board level the highlight of the year has been the transfer of the General Manager's duties from Trevor Harrison to the new appointee David Lulham. For the members, the handover would hardly be noticed in the seamless and professional way both parties approached the transfer of command. Trevor did a tremendous job in his seven tumultuous years in the position and David, with his years of experience, is now putting his stamp on the running of our club.

This time next year will see a new face running the Pro Shop. With Maria and Maurie heading into retirement, we will have appointed a Director of Golf and hopefully will have the present other members of the staff retained. Bringing the Pro Shop into a club run operation will be time consuming for the Board and David Lulham's experience will be a positive asset.

As can be seen in the accompanying Finance Report, we are battling with product and wage inflation. We did manage a small profit of \$60K last financial year but for the present year, we are expecting only a break-even result or small profit – not a good starting point to balance the books. As members would realise, we have to pay a little more for our golf but in comparison with like golf clubs, we still remain at the cheaper end of the market. For example, the daily match fee has risen by \$3 but please consider that this item has not increased over the past six years and \$1 of the increase will boost the value of the daily voucher money.

To my thinking our course has never been better presented. In spite of the above paragraph, we have allowed Greg Stynes an extra \$60k in his budget for attention to course matters such as an additional fertiliser program. With the nanobubble technology and the now fully paid off irrigation system, we should see a continual improvement in our core asset. Congratulations to Greg and his staff for a great effort in the past year.

On behalf of the Board and the membership, I would like to sincerely thank all those volunteers (56 registered with the Club) who put their time into making our club function the way it does. An obvious area is out on the course with the cart path program progressing (70% complete) and rough maintenance and clearing a continued necessity. Not so obvious is the help given to the Match Committee, the juniors program and the Ladies Bay Buddies program. The volunteers' involvement in these items also contribute to fellowship and the positive culture within a healthy club atmosphere.

I would also like to thank the bar and office staff for their continued high level of service for our members and visitors. The same goes for Tanya and Will in our restaurant for their continued well respected meal presentation.

As usual some members have passed during the year but not to mention all, the loss of life member Jack Evans was particularly significant. Jack contributed greatly to the growth of our Club and served on the Board for many years and was President for six of those years.

Finally, on behalf of all members thanks go to my fellow Board members for their support and contributions during the year. For the coming elections we will need a new Finance Director as Keith

Campbell is stepping down after six years of service. Keith has worked well with Bill Francis and their monthly reporting has always been concise and fully presented. Graeme Luke came onto the Board during the year as Vice-Captain and his position has to be confirmed. My three-year term as your President has been completed and I will stand again for the position.

Peter Fagan
President

Captain's Report

The year ending 30th June 2023 commenced with the finalisation of our new Irrigation System contract with Gosford Irrigation & Water Solutions. This also included the installation of new water tanks and the addition of the Nanobubble system which has proven to be a very sound investment into the future of our golf course. The overall condition of our course has improved phenomenally since the handover of the project to our Course Superintendent Greg Stynes and his ever-busy greenkeeping staff.

Last year's Annual General Meeting saw David Rann stand down from his role as Club Captain after 4 years as Captain and a further 2 years as a Director. He was deeply involved in the re-birth of our clubhouse seven years ago and the recent irrigation contract and he was the instigator in the installation of the Nanobubble technology. Our Board of Directors also played a large role in the above events along with our Finance Committee.

My tenure as Captain started with my heart attack in late November 2022 and subsequent quadruple by-pass surgery in March 2023. I would like to publicly thank David Rann who filled in for me when required during that period. Also during this time, the Board of Directors approved the appointment of Graeme Luke as Vice Captain.

Our Club Championships were held in October 2022 with Nick Matwijow emerging as our new Club Champion. Our up and coming junior member, Lachlan Lawson, was also prominent as runner-up. The Mixed Foursomes Championship held in April 2023 was won by were Lachlan Lawson partnered by our Ladies Captain, Barbara Frost. The Men's Foursomes Championship held in May was won by Shaun O'Malley and Will Marshall. Other notable Event winners were Gavin and Robyn Rocher who took out the ever-popular L&Z Chalmers yearly point score.

Congratulations go to our A Grade Pennant side joining our B Grade Pennant Team and our Division 2 Ladies as District Champions. A fantastic year for pennants at Nelson Bay Golf Club! Our Men's A Grade Pennant Side will play next year in Division 2.

Our Ladies winners were:

Club Championships

A Grade – Jenny Frost

B Grade - Heather Atkins

C Grade - Jeanette Fey

Foursomes Champions

Amy Squires and Barbara Frost

Our Junior Clinics held on a Thursday afternoon after school during the school terms have continued to be very popular. Our teaching professional, Warren Moses, ably assisted by our Junior Development Coordinator Chris Mawson and their many volunteer helpers, have made this activity a fun way of

learning the game of golf. Warren was honoured with the title of Junior Golf Instructor of the Year by Golf NSW.

Warren is also deeply Involved with our very popular “Bay Buddies” Program which encourages the participation of ladies wanting to learn the basics of playing golf. This program continues to be a resounding success and has seen numerous new lady members joining our club. We also need to acknowledge our lady members who drive the program noting there is a strong correlation with Bay Baddies activating membership at the Club.

Our Pro Shop team headed up by Maurie and Maria continue to do a fantastic job. We are a very busy club and their help and coordination in accommodating all of our varying golf needs is a credit to them.

With our rainfall up to June 2023 being less than last year, our Course Superintendent Greg Stynes and his deputy, Andrew Dolesko have still been extremely busy managing their staff and preparing our courses up to and exceeding our membership’s expectations.

And last but not least, my thanks go out to the many volunteers who dedicate many hours of their time in helping maintain our course and clubhouse surrounds, officiate on the match desk and ballot draws and help out with our kangaroo tours. Your time and dedication is greatly appreciated.

Mark Barden
Captain

Director of Finance Report

The year ended 30 June 2023 was a watershed year for the Club. This was the year when our new state of the art irrigation system utilising nanobubble technology was brought online and all the hard work of the previous two years to undertake this project was completed. The Board's commitment to prioritise course conditioning and presentation has been realised during the year and members' and visitors' positive comments in recent times bear testament to its success.

Having undertaken the irrigation system and nanobubble project at a cost of approximately \$2.8M, understandably, the Club's cash reserves have been seriously depleted and this was certainly anticipated by the Board and conveyed to members in various communications. That said, the Club was still in a cash positive position at 30 June 23, where cash resources comfortably exceeded subscriptions received in advance, which is a strong position to be in.

Members were advised at last year's AGM and in other communications, that overall Club profitability would be challenging going forward, due to inflationary pressures and the high depreciation charge to our profit and loss following the completion of the irrigation project. This has certainly been the case and a small profit of \$60K resulted. We are also looking at a similar result in the current year. Members should not be unduly concerned at only achieving small profits or losses as we are still generating a large cash surplus prior to scheduled debt retirement and discretionary capital expenditure. The Club is in a strong financial position.

In looking at the Profit and Loss Statement for the year on pages 44 to 47 of the Annual Report, it should be noted that the prior year was affected by Covid when the Clubhouse was closed from August to October 2021. Hence, some comparisons between the years are not relevant. However, the following table seeks to provide members with information on key income and expenditure items:

Income/Expense Item	YE 2023	YE 2022	Commentary
Bar Income	\$1,785K	\$1,432K	Most of the improvement was due to the two month Covid closure
Functions & Marketing Income	\$92K	\$73K	Function activity increased over 2022 and next year is looking very positive
Golf Income	\$1,528K	\$1,268K	Golf is still booming and the mostly good weather experienced since November 2022 saw much increased course usage
Other Income	\$1,075K	\$986K	The majority of this category is subscription revenue which showed a mostly inflationary increase. Insurance proceeds \$49K was for a leased mower which was written off. This was mostly offset by the loss on disposal shown in the expenses section of the report.

Cleaning	\$89K	\$73K	Most of the increase is due to the two month Covid closure last year when Clubhouse cleaning was suspended
Chemicals, Fertiliser and Repairs and Maintenance Course	\$213K	\$194K	These categories should be looked at together as they are the largest of our discretionary course expenses. The increased cost is a result of the Board's commitment to continual course improvement with some inflationary impacts
Computer Software and Subscriptions	\$68K	\$54K	Due mostly to new MiClub software being acquired and implemented giving much improved information and member services
Depreciation	\$764K	\$631K	The increase is mostly due to the Irrigation System depreciation commencing from August 2022
Electricity and Gas	\$118K	\$95K	Inflationary effects and Covid closure last year caused the increase
Entertainment	\$39K	\$29K	Following Covid, we reintroduced Saturday night entertainment for the summer months.
Hire Purchase and Leasing	\$107K	\$45K	The Nanobubble system was acquired through a part capital purchase and a monthly lease payment which is charged here. This has caused the increase over 2022
Insurance	\$104K	\$117K	We negotiated a reduced premium with a new broker and underwriter
Interest	\$22K	\$37K	This is the interest charged on the Toro equipment lease and it reduces as the capital cost is paid off over time
Legal Costs	-\$7K	\$9K	An accrual in 2022 was not required so it was written back in 2023
Loss on Disposal of Assets	\$43K	\$10K	See commentary re Other Income
Repairs and Maintenance Clubhouse	\$80K	\$54K	With the Clubhouse now over 6 years old, various items of plant and equipment are requiring regular maintenance. We will need to incur capital expenditure in the coming years to replace certain items

Staff Expenses	\$2,095K	\$1,703K	Most of the increase is due to the two month Covid closure last year, however, there have been inflationary increases in pay rates
Non Operating Items	\$0	\$190K	No COVID Government funding this year

As noted in last year's Annual Report, a Working Capital Deficiency of \$282K existed as at 30 June 2022. It was the Directors' view at the time that the Club would continue as a going concern and that the club would generate significant positive cashflow during the 2023 financial year which would see this deficiency extinguished. I advise that while this was not achieved, the deficiency has been significantly reduced to \$99K. It is expected that the deficiency will be fully extinguished in the current financial year.

During the year, the club incurred \$506K on capital expenditure as follows:

- Irrigation project - \$189K (final stage of the project)
- Nanobubble system- \$92K
- Greens Shed improvements - \$47K
- Cart paths - \$102K
- New Bore - \$17K
- Bore Electrical Cabinets - \$10K
- Course Equipment - \$15K
- Computer hardware - \$17K
- Website - \$9K
- Clubhouse equipment - \$11K

In the year ahead we are looking to incur a similar amount of capital expenditure as 2023, featuring course paths, course improvements, clubhouse furniture, clubhouse plant and poker machines.

Thanks to my fellow Directors and also to Finance Committee members – Peter Fagan, Max Pride, Niel Bowling and Peter Kent and senior staff – David Lulham, Trevor Harrison and Bill Francis, for their assistance during the year.

As I am standing down from my position at the AGM after 10 years on the Board, I would like to take this opportunity to sincerely thank all the members who have served on the various boards during that time and also the members of the Club for your positive and strong support of me in my role. There have been some challenging times but for me, the experience has been very rewarding.

I would encourage those members with appropriate skills to put their hand up in the future to serve on the Board to ensure the future success of our wonderful Club.

Keith Campbell
Director of Finance

Lady President's Report

I am very pleased to report that the last 12 months for ladies' golf has basically been back to normal with many players out on the course enjoying themselves. This year was certainly easier with less events being rescheduled due to rain.

Our Singles Knock-Out was completed in July 2022, with congratulations going to the winners:

A Grade Winner Barbara Frost / Runner-Up Julie Newsham
B Grade Winner Julie Partridge / Runner-Up Gail Murray
C Grade Winner Jo White / Runner-Up Shirley Anicich

September 2022 saw the return of the Ladies Classic kindly sponsored by First National Real Estate. This event had been cancelled for the previous two years due to Covid, and it was evident all the ladies were happy to be out and about playing and competing again. We had around 150 players on each of the 3 days. Thanks to our Social Committee, the raffles also raised over \$2200 for our nominated charity, Nelson Bay Cancer Patient Transport Group.

Club Championships were held in October 2022. On the final day we invited former champions and members to celebrate with the winners. These ladies had contributed to the club in many ways over the years and it was a great afternoon for catching up and congratulating the new champions.

Scratch Winners:

A Grade Winner Jenny Frost / Runner-Up Rhonnda Shaw
B Grade Winner Heather Atkins / Runner-Up Janelle Tolhurst
C Grade Winner Jeanette Fey / Runner-Up Rhona Birss

Nett Winners

A Grade Winner - Fran Giudes / Runner- Up Sharon Dunn
B Grade Winner - Elizabeth Pfennigwerth / Runner-Up Jenny Hazer
C Grade Winner – Roz Manley / Runner-Up Robyn Hemberg

In November at our AGM we thanked outgoing Committee Members Barb Clark (Vice President), Sharon Dunn (Treasurer), Pat Hawkins (Handicapper) and Fran Giudes (Committee Member and a former Treasurer) for all the time and effort contributed over the past year (and previous years for Pat and Fran) to make the ladies golf days run smoothly.

We also welcomed new Committee Members; Nicky Bethwaite (Vice President) Tina Jeggo, (Treasurer), Annette Rumble (Handicapper) and Linda Drake (Committee Member). All the new ladies have taken up and mastered their various challenges and I thank them very much.

With the new MiClub system software settling in, we promoted the uptake of the MiScore App. Its acceptance is continuing to increase, especially now the club has included its use with membership renewal.

At our Presentation Night in November, we recognised the achievements of the players who won during the year. Although numbers at the dinner were a little light, the night was still a success with great food from BWG and music to dance the night away.

The cost of our Presentation Night prizes is quite substantial, and we do rely on sponsorship from our ladies, but in February 2023 we secured \$1200 from sponsors for the 4BBB K/O and Singles K/O series. The Ray White Bill Knaggs Group was very happy to come on board as our sponsors. This injection of cash helps us all, and we are very appreciative of their generosity.

Christmas golf day was well supported and we all had a great day. The ladies just amaze me how they all get into the spirit of the day, dressing up and having fun!

We had 184 players for the Gala Day on 31st January 2023, which was graciously sponsored by Tony Short Real Estate. The Beach Party theme had everyone once again dressed up and we had a fabulous day. Our raffle raised over \$900 for Nelson Bay Cancer Patient Transport Group.

Ladies Pennants began in March 2023, the structure of which differed slightly to previous years. We still had 3 teams this year, however, no weekend team as the district did not include them. Division 2 had a fantastic win in their Pennant and Division 3 made the finals but were beaten with Bronze North (being on handicap) missing out by a slim margin. All teams performed well and we thank all the players for their time and efforts throughout the year. The re-introduction of morning tea for pennants at NBGC was very well received by our guests, so thanks to all of the ladies who helped out and donated a plate of snacks.

Our 4BBB Knock Out Championships were completed by April. Congratulations go to:

A Grade Winners – Linda Drake & Barbara Frost / Runners-Up Heather Atkins & Lyn Robertson

B Grade Winners – Debbie Childs & Jeannie Punshon / Runners Up Sue Hogan & Ann Turner

The 27 Hole Foursomes Championships took place in May. Congratulations go to:

A Grade Gross Winners – Amy Squires & Barbara Frost / Runners-Up Robyn Butler & Colleen Beattie

B Grade Gross Winners – Charmaine Elliott & Pat Hawkins / Runners Up Heather Atkins & Barbara Clark

A Grade Nett Winners – Jenny Bezuidenhout & Carmel Walsh / Runners Up Anita Hutchinson & Beth MacDuff

B Grade Nett Winners – Elsie Flanagan & Louise Kerr / Runners Up Judy Fisher / Nola Brown

We began a 9 Hole Competition in February 2023, which has proved to be very popular. It not only provides a game for ladies who are beginning to play golf after obtaining their handicap, but also provides an avenue for other ladies who sometimes just cannot manage 18 holes on a busy day. On average we have between 8 - 20 players each Tuesday.

Our annual Breast Cancer awareness golf day in March was the “Pinkest” ever. Ladies rallied around the local community to provide fantastic raffle prizes, plus United Airlines donated 2 return flights to the US which together enabled us to raise over \$13,000 for the local charity. Thanks go to everyone who helped and supported this great event.

The Bay Buddies program took place throughout the year with continued success and enthusiasm. We now mentor ladies on Wednesday and Saturday afternoons and have noticed a lot of the ladies also

have practice rounds on their own, which is very encouraging. We had 17 ladies gain handicaps over the year. Enormous thanks go to all the lady members who volunteer to mentor the Bay Buddies each week, which includes our very own Patron, Joan Frost, who now joins them in the 9 Hole competition giving further support.

You will see from the members list provided below, unless we maintain a program to generate interest for ladies to play golf, our numbers will decline even more.

The ladies' memberships for year end June 2023 is 324 (down by 25 overall last year) as follows:

Full Playing Member – 113	Country – 29	Cadets - 7
Flexi Member– 94	Social Playing – 42	Junior - 3
Limited Day Member – 33	Life Member – 2	Full Playing Under 35 – 1

To the Board, Management and Staff of Nelson Bay Golf Club, thank you all. Our new General Manager David Lulham has been very supportive and approachable to all the Ladies at NBGC. Karen and her team are always happy and helpful; they have now taken on board the new initiative of MiTournament, used for the first time for the Breast Cancer Day. This function of the MiClub system is proving to be very efficient. Bill has also generously provided help with the transitioning of our accounts from WBC to NBGC, which began on 1st July 2023. Seva always gives 110% when organising the catering and setup for our events, which makes those special days run smoothly and stress free.

Greg Stynes and his team plus the many volunteers have made our course one of the best in the area. The irrigation system now fully installed and the new course draining improvements have all been completed, which was no small task to manage on a busy course of 27 holes. The Geohex paths are fabulous, no more puddles or dusty areas to avoid. Our thanks (and the odd tray of cakes) go to you all.

Tanya, Will and staff at Blue Water Grill have been amazing. Always providing delicious meals and accommodating our requests for events we have during the year.

Our thanks also go to the Pro Shop team for looking after our ladies and providing the many golf clinics and lessons to help a new generation of ladies at NBGC.

My thanks go to all the ladies on the Committee who have helped throughout the year to keep our game of golf on schedule whilst at the same proactively adapting to changes and addressing any issues that may arise. A lot of time and preparation goes on behind the scenes, and we all benefit with the ongoing dedication from a team of volunteers.

In conclusion, I believe we have a great golf club, with a generous community of patrons who all have the common goal of enjoying a round of golf with friends.

Jeannie Punshon
Ladies President

NELSON BAY GOLF CLUB LIMITED

ABN 66 001 023 847

Annual Financial Report 30 June 2023

Nelson Bay Golf Club Limited

Directors' Report

The Directors present their report together with the financial statements of Nelson Bay Golf Club Limited (the Company) for the year ended 30 June 2023.

Directors

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

	Appt	Resigned	Occupation	Position	Years as Director
Peter Fagan	30.11.2020		Project Manager	President	20
David Rann	28.01.2016	28.11.2022	Retired - Project Manager/Engineer	Captain	6
Keith Campbell	21.10.2013		Retired - Newspaper Editor	Finance Director	9
Mark Barden	29.11.2020		Retired – Tour Operator	Captain	2
Joanne White	29.11.2021		Retired – Retailer	Director	4
Graham Luke	27.01.2023		Retired – Sales Manager	Director	5 months
Stuart Phegan	30.11.2020		WH&S Consultant	Director	3
Peri Kennedy	29.11.2021		Retired – Fashion Consultant	Director	2

Nelson Bay Golf Club Limited

Directors' Report

Objectives

- Provide a high-quality golf course which will challenge and reward golfers of all standards.
- Be the best golfing destination in regional New South Wales.
- Be a vibrant hub for our community.
- Generate sufficient positive cash flow to finance current and future capital expenditure.

Principal Activity

The principal activity of the company during the year has continued to be promotion of the game of golf and provision of golfing facilities for members and their guests.

Nelson Bay Golf Club Limited

Directors' Report

Directors' Meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Meetings Held	Meetings Attended
Peter Fagan	12	12
David Rann	4	4
Keith Campbell	12	10
Mark Barden	12	11
Joanne White	12	12
Stuart Pheghan	12	9
Peri Kennedy	12	12
Graham Luke	6	5

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 30 June 2023 and the comparison with last year is as follows:

	2023	2022
Life Members	5	5
Golf Members	1,212	1,232
Non Golf Members	6,242	5,619
Junior Golf Members	56	66
Total	<u>7,515</u>	<u>6,922</u>

Members' Limited Liability

In accordance with the Constitution of the company every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter. At 30 June 2023, the total amount that members of the company are liable to contribute if the company is wound up is \$15,030 (2022: \$13,844).

Nelson Bay Golf Club Limited

Directors' Report

Operating Result

The net profit for the year was \$60,046 compared with a profit of \$376,633 for the prior year. This result was after charging \$763,683 (2022: \$631,182) for depreciation. The table below shows a reconciliation of the Club's earnings before interest, income tax, depreciation and amortisation.

	2023	2022
	\$	\$
Operating Profit/ (Loss)	60,046	186,303
Non-Operating Items		
Government Cash Boost	-	-
Services NSW Jobsaver Payments	-	182,831
Services NSW Small Business Grant	-	7,500
Total Non-Operating Items	-	190,331
Net Profit/(Loss) after income tax attributable to members	60,046	376,633
Add Back:		
Finance Costs	22,061	37,220
Depreciation	763,683	631,182
EBITA	845,789	1,045,035
Total Revenue and Other Income	5,206,753	4,649,945
EBITA % of total revenue	16%	22%

Nelson Bay Golf Club Limited

Directors' Declaration

The directors of the company declare that:

- (1) the financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) Comply with Accounting Standards – Simplified Disclosures described in Note 1 to the financial statements and the Corporations regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the year ended on that date in accordance with the accounting policies described in notes to the financial statements.
- (2) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Peter Fagan
Director



Keith Campbell
Director

Dated: 27/10/2023

Nelson Bay Golf Club Limited

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

TO THE DIRECTORS OF NELSON BAY GOLF CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

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

Kelly Partners Hunter Region



Brad Crooks

Senior Partner

Dated: 27/10/2023

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Nelson Bay Golf Club Limited

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF NELSON BAY GOLF CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nelson Bay Golf Club Limited (the Company from page 12 to page 42), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds 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 Nelson Bay Golf 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 30 June 2023 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* (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.

Emphasis of Matter – Basis of Accounting and Going Concern

We draw attention to Note 1 to the financial report, which describes the basis of the Audit Report. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Attention is also drawn to page 25 Working Capital Deficiency Note to the financial statements. This indicates the existence of a material uncertainty as to whether the Club will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. In our opinion, knowledge of the significant uncertainty affecting the Club's ability to continue as a going concern is necessary for the proper understanding of the financial report.

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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.

Kelly Partners Hunter Region



Brad Crooks
Senior Partner

Dated: 27/10/2023

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Nelson Bay Golf Club Limited

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Bar		1,785,424	1,432,401
Functions & Marketing		91,579	72,607
Gaming		726,833	700,594
Golf Course		1,528,075	1,267,642
Other Income		1,074,842	1,176,701
Total Revenue	1	<u><u>5,206,753</u></u>	<u><u>4,649,945</u></u>
Cost Of Goods Sold			
Bar		(661,485)	(537,423)
Gaming		(36,884)	(29,426)
Golf		(187,149)	(163,628)
Total Cost of Goods Sold		<u><u>(885,518)</u></u>	<u><u>(730,477)</u></u>
Gross Profit		<u><u>4,321,235</u></u>	<u><u>3,919,468</u></u>
Expenses			
Employee benefits		(2,094,977)	(1,702,974)
Depreciation and amortisation		(763,683)	(631,182)
Finance costs	2	(22,061)	(37,220)
Other	3	<u>(1,380,469)</u>	<u>(1,171,459)</u>
Total Expenses		<u><u>(4,261,189)</u></u>	<u><u>(3,542,835)</u></u>
Profit (loss) before income tax		<u>60,046</u>	<u>376,633</u>
Income tax expense	4	<u>-</u>	<u>-</u>
Profit (loss) for the year		<u><u>60,046</u></u>	<u><u>376,633</u></u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Nelson Bay Golf Club Limited

Statement of Financial Position as at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,121,466	1,239,763
Trade and other receivables	6	46,294	81,218
Inventories	7	144,301	118,588
TOTAL CURRENT ASSETS		<u>1,312,061</u>	<u>1,439,569</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	12,727,669	13,028,817
TOTAL NON-CURRENT ASSETS		<u>12,727,669</u>	<u>13,028,817</u>
TOTAL ASSETS		<u>14,039,730</u>	<u>14,468,386</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	216,467	605,203
Borrowings	10	215,985	153,528
Provisions	11	191,568	220,290
Other Liabilities	12	787,315	742,311
TOTAL CURRENT LIABILITIES		<u>1,411,335</u>	<u>1,721,332</u>
NON-CURRENT LIABILITIES			
Provisions	11	47,722	31,210
Borrowings	10	128,384	323,601
TOTAL NON-CURRENT LIABILITIES		<u>176,106</u>	<u>354,811</u>
TOTAL LIABILITIES		<u>1,587,441</u>	<u>2,076,143</u>
NET ASSETS		<u>12,452,289</u>	<u>12,392,243</u>
EQUITY			
Retained earnings	14	12,452,289	12,392,243
TOTAL EQUITY		<u>12,452,289</u>	<u>12,392,243</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes

Nelson Bay Golf Club Limited

Statement of Changes in Members' Funds for the Year Ended 30 June 2023

	Retained Earnings \$
Balance at 1 July 2021	12,015,610
Profit for the year	376,633
Balance at 30 June 2022	<u>12,392,243</u>
Balance at 1 July 2022	12,392,243
Profit for the year	60,046
Balance at 30 June 2023	<u>12,452,289</u>

The Statement of Changes in Members Funds should be read in conjunction with the accompanying notes

Nelson Bay Golf Club Limited

Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		5,238,461	4,649,945
Payments to suppliers and employees		(4,761,466)	(3,491,217)
Net cash provided by operating activities	15	<u>476,995</u>	<u>1,158,728</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(462,532)	(2,349,118)
Net cash provided by investing activities		<u>(462,532)</u>	<u>(2,349,118)</u>
Cash flows from financing activities			
Borrowings		(132,760)	(206,012)
Net cash provided by financing activities		<u>(132,760)</u>	<u>(206,012)</u>
Net increase / (decrease) in cash held		(118,297)	(1,396,402)
Cash and cash equivalents at beginning of financial year		1,239,763	2,636,165
Cash and cash equivalents at end of financial year	15	<u>1,121,466</u>	<u>1,239,763</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

About This Report

Nelson Bay Golf Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a not-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Nelson Bay Golf Club Limited as a standalone legal entity.

The financial statements are general purpose financial statements which:

- This financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
- This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities as issued by the Australian Accounting Standards Board (AASB).
- The financial report has been prepared on an accruals basis and is based on historical costs, except for assets held for sale which have been measured at fair value. The financial report is presented in Australian Dollars.
- Where necessary comparative information has been restated to conform with changes in presentation in the current year.
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 July 2022; and
- Have been prepared on a going concern basis.

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.

New or amended Accounting Standards and Interpretations adopted

The Club 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.

Impact of adoption

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Club as at 30 June 2023 or on opening retained earnings as at 1 July 2022.

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.

Working Capital Deficiency

As at 30 June 2023, Nelson Bay Golf Club Limited has current assets of \$1,312,061 compared to current liabilities of \$1,411,335 resulting in a working capital deficiency of \$99,274. This working capital deficiency has been reduced by \$182,489 throughout the financial year from \$281,763 at 30 June 2022.

The working capital deficiency is caused by the Club's decision in 2022 to fund the purchase of the new irrigation system through cash reserves instead of debt financing. This can be evidenced within Note 8 with \$2,392,220 of Additions purchased throughout the 2022 financial year and a further \$505,576 in the 2023 financial year.

The Directors believe the above working capital deficiency will be satisfied through:

- The Company generated positive net operating cashflows of \$476,995 during the current year;
- The Company has a cash balance at 30 June 2023 of \$1,121,466.
- The Directors expect cashflows going forward to continue to be positive.
- The Club expects to continue to receive support from its suppliers and members.
- The Directors are of the opinion the above will be achieved and the Company will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

1. Revenue and Other Income

	2023	2022
	\$	\$
Revenue		
Operating		
Sale of Goods	1,785,424	1,432,401
Services	2,346,487	2,040,843
	<u>4,131,911</u>	<u>3,473,244</u>
Non Operating		
Other Income	184,831	319,535
Subscriptions	890,011	857,166
	<u>1,074,842</u>	<u>1,176,702</u>
Total Revenue	<u>5,206,753</u>	<u>4,649,946</u>

Revenue Recognition

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. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

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

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

1. Revenue and Other Income (continued)

Interest Revenue

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

Other Income

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 cost) and is recognised as other income at the date control of the asset passes to the buyer.

2. Finance Costs

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically, for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

3. Other Expenses

Other Expenses for the Year Ended 30 June 2023 includes all operating expenses with the exception of Cost of Goods Sold, Employee Benefits, Finance Costs and Depreciation.

4. Income Tax

(a) Income Tax Expense

The club is exempt from income tax under Division 50-45 of the Income Tax Assessment Act 1997.

- i. The club did not carry on for purposes of profit or gain for individual members.
- ii. The club engaged in encouragement of game/sport and
- iii. The main purpose of the club was encouragement of a game/sport.

5. Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash At Bank	964,657	1,045,183
Cash Balance	128,959	145,743
Eft Balance	-	20,987
Floats	27,850	27,850
Total Cash and Cash Equivalents	<u><u>1,121,466</u></u>	<u><u>1,239,763</u></u>

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

6. Trade and Other Receivables

	2023	2022
	\$	\$
Trade & Other Receivables	46,294	81,218
	<u>46,294</u>	<u>81,218</u>

Recognition and Measurement

Trade and other receivables represent the receivables outstanding at the end of the reporting period for goods and services received provided by the company during the reporting period, which remain unpaid. The balance is recognised as a current asset.

7. Inventories

	2023	2022
	\$	\$
At cost:		
Stock On Hand	144,301	118,588
	<u>144,301</u>	<u>118,588</u>

Recognition and Measurement

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

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

8. Property, Plant and Equipment

	2023	2022
	\$	\$
Clubhouse Land at Cost	<u>202,566</u>	<u>202,566</u>
Clubhouse Building at Cost	8,240,716	8,240,716
Less Accumulated Depreciation	<u>(1,210,933)</u>	<u>(1,004,915)</u>
	<u>7,029,783</u>	<u>7,235,802</u>
Course Plant & Fixtures	4,471,698	1,623,454
Less Accumulated Depreciation	<u>(1,247,951)</u>	<u>(928,142)</u>
	<u>3,223,747</u>	<u>695,312</u>
Car Park & Clubhouse Surrounds	281,141	281,141
Accumulated Depreciation	<u>(76,126)</u>	<u>(61,866)</u>
	<u>205,015</u>	<u>219,275</u>
Course Building	322,934	284,609
Less Accumulated Depreciation	<u>(231,034)</u>	<u>(228,445)</u>
	<u>91,900</u>	<u>56,164</u>
Lease In Perpetuity No 1958/55	<u>30,000</u>	<u>30,000</u>
Greens & Tees	177,959	177,959
Less Accumulated Depreciation	<u>(16,462)</u>	<u>(12,013)</u>
	<u>161,497</u>	<u>165,945</u>
Motor Vehicle	78,155	78,155
Less Accumulated Depreciation	<u>(62,449)</u>	<u>(57,176)</u>
	<u>15,706</u>	<u>20,978</u>
Plant Fixture & Fittings	1,349,405	1,326,134
Less Accumulated Depreciation	<u>(795,939)</u>	<u>(709,480)</u>
	<u>553,466</u>	<u>616,654</u>
Poker Machines	852,609	850,909
Less Accumulated Depreciation	<u>(606,521)</u>	<u>(510,218)</u>
	<u>246,088</u>	<u>340,691</u>
Course Extensions	<u>940,921</u>	<u>940,921</u>
Work In Progress	<u>26,980</u>	<u>2,504,509</u>
Total property, plant and equipment	<u><u>12,727,669</u></u>	<u><u>13,028,817</u></u>

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

Property, Plant and Equipment (continued)

	Land \$	Building & Improvements \$	Plant & Equipment \$	Total \$
2022				
Carrying amount at 01 July 2021	202,566	8,892,181	2,216,129	11,310,877
Additions	-	47,782	2,344,438	2,392,220
Disposals	-	-	(950,689)	(950,689)
Depreciation Write Back	-	-	907,592	907,591
Depreciation Expense	-	(226,000)	(405,182)	(631,182)
Carrying amount at 30 June 2022	202,566	8,713,963	4,112,288	13,028,818
2023				
Additions	-	38,325	467,251	505,576
Disposals	-	-	(71,567)	(71,567)
Depreciation Write Back	-	-	28,525	28,525
Depreciation Expense	-	(227,315)	(536,368)	(763,683)
Carrying amount at 30 June 2023	202,566	8,524,973	4,000,129	12,727,669

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

Property, Plant and Equipment

Recognition and Measurement

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

Work in progress is stated at historical cost. No depreciation is applied until the asset is brought into use and is transferred from work in progress to the other plant, property and equipment categories.

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.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings 40 years
Plant Fixtures & Fittings 5 to 20 years
Poker machines 4-5 years
Plant and equipment 5 to 20 years
Motor Vehicles 6 to 10 Years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

Freehold Property

Freehold land and buildings are shown at costs less where applicable accumulated depreciation and any impairment losses.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

Property, Plant and Equipment (continued)

Significant Judgements

(i) Impairment of Assets

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

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

(ii) Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

9. Trade and Other Payables

	2023	2022
	\$	\$
Trade & Other Payables	216,467	605,203
	<u>216,467</u>	<u>605,203</u>

Recognition and Measurement

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.

10. Borrowings

CURRENT	2023	2022
	\$	\$
Toro Lease liability	149,313	149,313
Hire Purchase Liability	-	-
Irrigation Project Retention	58,942	-
Credit Card	7,730	4,215
	<u>215,985</u>	<u>153,528</u>
NON CURRENT	2023	2022
	\$	\$
Toro Lease liability	128,384	323,601
Irrigation Project Retention	-	-
	<u>128,384</u>	<u>323,601</u>
Total Borrowings	<u>344,369</u>	<u>477,129</u>

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

11. Provisions and Employment Benefits

	2023	2022
	\$	\$
CURRENT		
Provision For Long Service	32,761	47,458
Provision For Annual Leave	158,807	159,208
Provision For Doubtful Debts	-	13,624
	<u>191,568</u>	<u>220,290</u>
	2023	2022
	\$	\$
NON CURRENT		
Provision For Long Service	<u>47,722</u>	<u>31,210</u>
Total Provisions and Employment Benefits	<u>239,290</u>	<u>251,500</u>

Recognition and Measurement

Wages and Salaries, and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in provisions 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.

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.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

12. Other current Liabilities

	2023 \$	2022 \$
Members Subscriptions in Advance	787,315	742,311
	<u>787,315</u>	<u>742,311</u>

13. Financial Risk Management

	2023 \$	2022 \$
Financial Assets		
Cash on Hand and at Bank	1,121,466	1,239,763
Accounts Receivable and Other Debtors	46,294	81,218
Total Financial Assets	<u>1,167,760</u>	<u>1,320,982</u>
Financial Liabilities		
Financial Liabilities at Amortised Cost	344,369	477,129
Accounts Payable and Other Payables	1,003,781	1,347,513
Total Financial Liabilities	<u>1,348,150</u>	<u>1,946,646</u>

Recognition and Measurement

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables. Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial instruments 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 recognised immediately as expenses in profit or loss

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

Financial Risk Management (continued)

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

14. Retained Earnings

	2023	2022
	\$	\$
Retained earnings at beginning of the financial year	12,392,243	12,015,610
Net Profit	60,046	376,633
Retained earnings at the end of the financial year	<u>12,452,289</u>	<u>12,392,243</u>

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2023

15. Cash Flow Information

Reconciliation of Cash

	2023	2022
	\$	\$
Cash At Bank	964,657	1,045,183
Cash Balance	128,959	145,743
Eft Balance	-	20,987
Floats	27,850	27,850
	<u>1,121,466</u>	<u>1,239,763</u>

Reconciliation of cash flow from operations with Profit

	2023	2022
	\$	\$
Net Profit/(Loss)	60,046	376,633
Depreciation	763,683	631,182
Changes in assets and liabilities:		
(Increase) decrease in trade and other receivables	34,922	73,006
(Increase) decrease in inventory	(25,713)	(979)
Increase (decrease) trade and other payables	(388,736)	9,912
Increase (decrease) in subscriptions in advance	45,004	74,096
Increase (decrease) in provisions	(12,210)	(5,122)
	<u>476,995</u>	<u>1,158,728</u>

16. Capital and Leasing Commitments

	2023	2022
	\$	\$
Not Longer than 1 Year	215,985	153,528
Longer than 1 year but not longer than 5 years	128,384	323,601
Longer than 5 years	-	-
	<u>344,369</u>	<u>477,129</u>

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

17. Disclosure of Core and Non-Core Club Property as Required by the Registered Clubs ACT (1976)

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30 June 2022

a) the following properties are core property of the Club;

The land on which the club premises, car park, carts sheds, green keepers' sheds, golf course and surrounds are situated.

b) the following properties are non-core property of the Club;

The land if any that is owned or occupied by the club that is not core property.

Notes to members:

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year which the report relates.
2. Core property is any real property owned or occupied by the Club that comprises:
 - a) the defined premises of the Club; or
 - b) any facility provided by the Club for use of its members and their guests; or
 - c) any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be core property of the Club.
3. Non-core property is any property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval and appointment of an independent real estate agent or auctioneer.
5. The disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to:
 - a) core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer if any sale is by way of public auction or open tender conducted by a valuer;
 - b) core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunications tower.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for Year Ended 30 June 2022

18. Key Management Personnel Details

Key Management Personnel Compensation

Benefits and payments made to the Directors and Other Key Management Personnel.

Any persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise) is considered to be key management personnel.

Key management personnel compensation

	2023	2022
	\$	\$
Salary-including Superannuation	<u>173,082</u>	<u>147,485</u>

19. Related Parties

Disclosures relating to key management personnel are set out in Note 18.

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.

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.

Nelson Bay Golf Club Limited

Notes to the Financial Statements for the Year Ended 30 June 2023

20. Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At 30 June 2023 there were 7,515 members.

The registered office of the company is 57 Dowling Street, Nelson Bay, NSW 2315.

21. 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.

22. 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.

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

(b) Fair value measurement

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, With external sources of data.

(C) Comparative Figures

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

COMPILATION REPORT

We have compiled the accompanying financial data for Nelson Bay Golf Club Limited, which comprise the Profit and Loss statement for the year ended 30 June 2023.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the general-purpose financial report appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the director provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

Kelly Partners Hunter Region



Brad Crooks
Senior Partner

Dated: 27/10/2023

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Nelson Bay Golf Club Limited

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Income		
Bar		
Draught Beer	914,186	717,015
Packaged Beer	101,961	81,096
Soft Drink	152,061	121,905
Spirits	125,021	106,733
Wine	388,381	322,721
Other	103,814	82,931
Total Bar	<u>1,785,424</u>	<u>1,432,401</u>
Functions and Marketing		
Conferences	12,084	941
Corporate Sponsorship	27,313	21,623
Functions	46,863	40,680
Kangaroo Tours	9,382	-
Weddings	18,936	17,199
Other	(23,001)	(7,837)
Total Functions and Marketing	<u>91,579</u>	<u>72,607</u>
Gaming		
Poker Machine Income	702,815	682,051
Keno Income	21,556	19,707
Tab Income	2,462	(1,164)
Total Gaming	<u>726,833</u>	<u>700,594</u>
Golf Course		
Golf Carts	145,895	119,785
Green Fees Members	625,802	623,442
Green Fees Visitors	753,645	518,079
Trophy Income	2,733	6,336
Total Golf Course	<u>1,528,075</u>	<u>1,267,642</u>
Other Income		
Subscriptions and Memberships	890,010	857,165
Insurance Proceeds	49,000	-
Interest	6,715	7,475
Joining Fees	14,091	-
Other Income	26,539	66,322
Profit On Sale of Assets	24,390	5,553
Rent	64,095	49,855
Total Other Income	<u>1,074,842</u>	<u>986,370</u>
Total Trading Income	<u><u>5,206,753</u></u>	<u><u>4,459,614</u></u>

These statements should be read in conjunction with attached compilation report

Nelson Bay Golf Club Limited

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Less Cost of Sales		
Bar		
Draught Beer	382,100	298,318
Packaged Beer	41,820	36,890
Soft Drink	49,798	39,157
Spirits	41,186	36,886
Wine	123,202	108,749
Other	23,379	17,423
Total Bar	<u>661,485</u>	<u>537,423</u>
Gaming		
Repairs and Maintenance Poker Machines	31,148	27,431
Sky Channel	5,736	1,995
Total Gaming	<u>36,884</u>	<u>29,426</u>
Golf		
Professional Commission Green Fees	135,149	111,628
Professional Retainer	52,000	52,000
Total Golf	<u>187,149</u>	<u>163,628</u>
Total Cost of Sales	<u>885,518</u>	<u>730,477</u>
Total Trading Gross Profit	<u>4,321,235</u>	<u>3,729,137</u>

These statements should be read in conjunction with attached compilation report

Nelson Bay Golf Club Limited

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Less Operating Expenses		
Accountancy	3,164	3,354
Advertising and Promotion	40,862	42,826
Affiliation and Golf Link Fees	66,408	60,407
Audit Fees	13,500	13,300
Bank Fees and Borrowing Costs	16,622	12,990
Chemicals	67,122	76,953
Cleaning	89,189	72,576
Computer Software and Subscriptions	67,600	53,938
Contractors and Consultants	23,021	28,010
Depreciation	763,683	631,182
Diesel and Petrol	36,723	32,243
Directors Expenses	6,577	5,297
Electricity and Gas	117,715	94,782
Entertainment	39,050	28,538
Equipment & Consumables	35,047	31,166
Equipment Hire	15,784	12,244
Fees and Permits	7,316	7,317
Fertiliser	79,193	69,969
General Expenses	31,358	42,743
Hire Purchase and Leasing	106,907	44,621
Irrigation	574	7,265
Insurance	103,864	116,601
Interest	22,061	37,220
Legal Costs	(6,707)	8,889
Loss on Disposal of Assets	43,042	9,560
Machinery Parts	35,147	31,492
Member Rewards	20,450	9,367
Motor Vehicles	4,967	1,754
Pennants	6,175	5,325
Printing, Postage and Stationery	16,234	12,012
Promotional Vouchers	9,216	6,367
Repairs and Maintenance Clubhouse	79,604	53,597
Repairs and Maintenance Course	66,300	47,033
Rates	39,829	33,278
Rent - Land	52,155	49,762
Security Costs	10,410	6,356
Telephone and Internet	15,810	17,810
Travel and Accommodation	1,403	502
Volunteers	3,464	2,670
Waste Disposal	15,375	18,545
Total Operating Expenses	2,166,214	1,839,860

These statements should be read in conjunction with attached compilation report

Nelson Bay Golf Club Limited

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Staff Expenses		
Wages and Salaries	1,713,318	1,443,804
Payroll Tax	34,960	5,718
Provision Annual Leave	51,550	29,540
Provision LSL	23,155	13,689
Superannuation	187,319	143,569
Staff Training, Uniforms etc	51,641	38,786
Workers Compensation	33,032	27,868
Total Staff Expenses	<u>2,094,975</u>	<u>1,702,975</u>
Total Operating and Staff Expenses	<u>4,261,190</u>	<u>3,542,835</u>
Operating Profit/(Loss)	<u>60,046</u>	<u>186,303</u>
Non-Operating Items		
Government Cash Boost	-	-
Government JobKeeper Payments	-	-
Services NSW Jobsaver Payments	-	182,831
Services NSW Small Business Grant	-	7,500
Total Non-Operating Items	<u>-</u>	<u>190,331</u>
Net Profit/(Loss)	<u>60,046</u>	<u>376,633</u>

These statements should be read in conjunction with attached compilation report