

City Tattersalls Club

ABN 44 004 054 353

Annual Financial Report

31 December 2021

City Tattersalls Club

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City Tattersalls Club

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

<i>In AUD</i>	Note	2021	2020
Revenue from rendering of services		12,367,090	12,056,525
Revenue from sale of goods		2,315,335	1,684,666
Other revenue		1,707,276	2,980,139
Total revenue	4	16,389,701	16,721,330
Cost of goods sold		(756,162)	(778,003)
Personnel expenses	5	(4,891,204)	(5,297,963)
Entertainment, marketing and promotional costs		(1,692,605)	(982,899)
Member expenses		(576,149)	(489,513)
Office expenses		(1,134,672)	(893,839)
Poker machine licences and taxes		(3,025,896)	(2,899,988)
Property expenses		(2,925,832)	(2,985,646)
Other expenses		(795,397)	(578,327)
Earnings before financing costs, depreciation and income tax		591,784	1,815,152
Finance income		14	84
Finance costs		(554,353)	(161,293)
Net finance costs	6	(554,339)	(161,209)
Depreciation expense	11	(3,722,265)	(3,282,590)
Loss before income tax		(3,684,820)	(1,628,647)
Income tax expense	7	-	-
Loss for the year		(3,684,820)	(1,628,647)
Other comprehensive loss for the year			
Revaluation of property, plant and equipment	11	(19,616,661)	(55,647,107)
Total comprehensive loss for the year		(23,301,481)	(57,275,754)

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

City Tattersalls Club
Statement of financial position
As at 31 December 2021

In AUD

	Note	2021	2020
Assets			
Cash and cash equivalents	8	1,233,067	387,639
Trade and other receivables	9	1,053,318	149,096
Inventories	10	297,726	259,124
Prepayments		135,702	76,133
Total current assets		2,719,813	871,992
Property, plant and equipment	11	124,379,370	125,396,448
Intangible assets		180,000	-
Other assets		1,468,665	-
Total non-current assets		126,028,035	125,396,448
Total assets		128,747,848	126,268,440
Liabilities			
Trade and other payables	13	5,267,139	3,290,334
Loans and borrowings	8,14	2,430,230	1,170,717
Employee benefits	15	572,434	431,061
Provisions	16	301,924	175,608
Lease liability	24	1,232,176	24,594
Total current liabilities		9,803,903	5,092,314
Trade and other payables	13	246,708	56,943
Loans and borrowings	14	24,061,222	21,866,969
Employee benefits	15	114,973	156,417
Provisions	16	50,000	50,000
Lease liability	24	13,197,598	164,559
Total non-current liabilities		37,670,501	22,294,888
Total liabilities		47,474,404	27,387,202
Net assets		81,273,444	98,881,238
Members' funds			
Asset revaluation reserve		32,695,173	52,311,834
Capital profit reserve		284,928	284,928
General funds		42,599,656	46,284,476
Amalgamation reserve		5,693,687	-
Total members' funds		81,273,444	98,881,238

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

City Tattersalls Club
Statement of changes in members' funds
For the year ended 31 December 2021

<i>In AUD</i>	Asset Revaluation reserve	Capital profit reserve	General funds	Amalgamation reserve	Total
Balance at 1 January 2020	107,958,941	284,928	47,913,123	-	156,156,992
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	(1,628,647)	-	(1,628,647)
Other comprehensive loss	(55,647,107)	-	-	-	(55,647,107)
Total comprehensive loss for the year	(55,647,107)	-	(1,628,647)	-	(57,275,754)
Balance at 31 December 2020	52,311,834	284,928	46,284,476	-	98,881,238
Balance at 1 January 2021	52,311,834	284,928	46,284,476	-	98,881,238
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	(3,684,820)	-	(3,684,820)
Other comprehensive loss	(19,616,661)	-	-	-	(19,616,661)
Total comprehensive loss for the year	(19,616,661)	-	(3,684,820)	-	(23,301,481)
Reserves recognised on amalgamation (note 23)	-	-	-	5,693,687	5,693,687
Balance at 31 December 2021	32,695,173	284,928	42,599,656	5,693,687	81,273,444

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

City Tattersalls Club
Statement of cash flows
For the year ended 31 December 2021

In AUD

	Note	2021	2020
Cash flows from operating activities			
Cash receipts from customers		17,124,449	18,719,002
Cash paid to suppliers, employees and other		(16,868,828)	(17,432,707)
Cash generated from operations		<u>255,621</u>	<u>1,286,295</u>
Interest received		14	84
Interest paid		(165,315)	(161,293)
Net cash from operating activities		<u>90,320</u>	<u>1,125,086</u>
Cash flows from investing activities			
Net cash acquired on amalgamation	23	4,610,000	-
Acquisition of property, plant and equipment		(7,016,724)	(2,026,174)
Net cash used in investing activities		<u>(2,406,724)</u>	<u>(2,026,174)</u>
Cash flows from financing activities			
Proceeds from borrowings		4,399,785	950,000
Repayment of borrowings		(350,000)	(87,500)
Payment of lease liabilities	24	(1,287,738)	(361,476)
Net cash from financing activities		<u>2,762,047</u>	<u>501,024</u>
Net increase/(decrease) in cash and cash equivalents		445,643	(400,064)
Cash and cash equivalents at beginning of year		(210,209)	189,855
Cash and cash equivalents at end of year, net of bank overdraft	8	<u>235,434</u>	<u>(210,209)</u>

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

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2021

1 Non-reporting entity

City Tattersalls Club ("the Club") is a club domiciled in Australia. The address of the Club's registered office is 194-204 Pitt Street, Sydney, NSW 2000. The financial statements of the Club are as at and for the year ended 31 December 2021.

The Club is primarily involved in the hospitality and entertainment industry.

2 Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board - Reduced Disclosure Requirements (AASB) and the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Amendment Act 1936, the City Tattersalls Club Rules as Amended. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Club has adopted the exemptions allowed for non-for-profit organisations under AASB 101 Presentation of Financial Statements.

The Club's Committee Members are also referred to in the financial statements as Directors.

The financial statements were approved by the Board of Directors on the date of signing of the Directors' declaration.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings which are measured at fair value less accumulated depreciation on buildings and any impairment losses.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Club's functional currency.

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

Critical estimates and judgements applied in the preparation of the financial statements:

- Determination of the fair value of land and building assets within property plant and equipment (refer to note 3(b) and 11).

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2021

(e) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at balance date, the Club's current liabilities exceeded its current assets by \$7,084,090 and made a loss for the year of \$3,684,820. Notwithstanding this, the Directors believe that the going concern basis of preparation of the financial report is appropriate given:

- The Club's cashflow forecasts covering a period of at least 12 months from the date of this financial report show that the Club has adequate funding facilities in place. Included in this forecast is the impact of disruption from the relocation of its primary operating premises due to its redevelopment, and the receipt of an approval to commence gaming operations at a leased venue by the Independent Liquor and Gaming Authority after the move, the Club is expecting to obtain this approval in a timely manner.
- In the event that the Club is unable to obtain this approval in a timely manner or the cashflow forecasts do not materialise as anticipated by the Club, the Club has the ability to access alternative sources of funding.

After considering the above, the Directors consider that the Club will be able to continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Club's financial statements should be prepared on a going concern basis.

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following categories of non-derivative financial assets: cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(d)).

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Club becomes a party to the contractual provisions of the instrument. The Club derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial liabilities: bank overdrafts, trade and other payables and loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

Land and buildings are treated as a class of assets. Any surplus arising on the revaluation of land and buildings at each reporting date is recognised directly in the revaluation reserve within funds, except to the extent that the surplus reverses a previous revaluation deficit on the land and buildings charged previously to profit and loss is recognised in the statement of comprehensive income. Any deficit on revaluation is recognised in profit or loss except to the extent of any balance in the revaluation reserve of the land and buildings, in which case it is recognised directly in the revaluation reserve.

Property, plant and equipment

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour (including an allocation of time by those staff directly included in the construction project), any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Club will obtain ownership by the end of the lease term. Land is not depreciated.

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

- Buildings 40 years
- Plant and equipment 3-13 years
- Leasehold improvements 10-20 years
- Leased assets 3-5 years

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Impairment

(i) Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Club on terms that the Club would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Club considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Club uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Club's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3 Significant accounting policies (continued)

(d) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Club's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(f) Provisions

A provision is recognised if, as a result of a past event, the Club has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Club is expected to be entitled for transferring goods and services to a customer. For each contract with a customer, the Club identifies the contract with a customer, identified the performance obligations in the contract, determines the transaction price to the separate performance obligations on the basis of the relative stand-alone selling prices of each distinct good and service to be delivered, and recognised revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

(h) Finance income and finance costs

(i) Goods sold

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. Revenue from the sale of goods is recognised at the point in time the goods are provided and payment is collected.

(ii) Gaming revenue

Gaming revenue comprises the Club facilities provided to members and patrons of the Club. Gaming revenue is the difference between gaming wins and losses, and is recognised upon outcome of the game at the close of business.

(iii) Membership

Membership subscriptions represents annual membership fees paid by the Club's members. The Club recognises membership subscriptions over the term of the membership and any unearned portion is included in revenue received in advance.

(iv) Rental income

Rental income is recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(i) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in members funds or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the Club, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

(j) Goods and services tax

Revenue, 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 taxation authority. 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO 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. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Leases

At inception of a contract, the Club assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Club assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Club has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Club has the right to direct the use of the asset. The Club has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Club has the right to direct the use of the asset if either:
 - the Club has the right to operate the asset; or
 - the Club designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Club allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

The Club recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Club's incremental borrowing rate. Generally, the Club uses its incremental borrowing rate as the discount rate.

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

3 Significant accounting policies (continued)

(k) Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Club is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Club is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Club's estimate of the amount expected to be payable under a residual value guarantee, or if the Club changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Club presents right-of-use assets and lease liabilities separately in the statement of financial position.

(l) Business combinations of mutual entities

Business combinations ('amalgamations') are accounted for using the acquisition method. The Club as the acquirer in a combination of mutual entities recognises the assets acquired and liabilities assumed from the acquiree at fair value as a direct contribution to equity.

Acquisition-related costs are expensed as incurred.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

4 Revenue

In AUD

	2021	2020
Revenue from rendering of services	12,523,969	12,211,491
Loyalty points issued	(156,879)	(154,966)
	<u>12,367,090</u>	<u>12,056,525</u>
Revenue from sale of goods	2,794,243	2,098,464
Redemption of complimentary and discounted food and beverages	(478,908)	(413,798)
	<u>2,315,335</u>	<u>1,684,666</u>
Function room hire	15,365	3,612
Rent income	440,477	381,277
Other revenue	348,726	534,332
Jobkeeper receipts	902,708	2,060,918
	<u>16,389,701</u>	<u>16,721,330</u>

5 Personnel expenses

In AUD

	2021	2020
Wages and salaries	3,611,916	4,127,933
Other associated personnel expenses	804,201	920,692
Contributions to defined contribution plan - superannuation	375,158	384,155
Increase/(decrease) in liability for employee benefits	99,929	(134,817)
	<u>4,891,204</u>	<u>5,297,963</u>

6 Finance income and finance costs

In AUD

	2021	2020
Interest income	14	84
Finance income	<u>14</u>	<u>84</u>
Interest expense	(466,455)	(97,549)
Other finance expense	(87,898)	(63,744)
Finance costs	<u>(554,353)</u>	<u>(161,293)</u>
Net finance costs recognised in profit or loss	<u>(554,339)</u>	<u>(161,209)</u>

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

7 Income tax expense

In AUD

	2021	2020
Current tax expense		
Current year	-	-
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total income tax expense	-	-
	<hr/>	<hr/>

Numerical reconciliation between tax expense and pre-tax accounting profit

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

In AUD

	2021	2020
The amount set aside for income tax in the statement of comprehensive income has been calculated as follows:		
Proportion of net taxable income attributable to non-members	5,655,395	5,896,988
Less: Proportion of expenses attributable to non-members	(7,247,532)	(6,467,603)
	<hr/>	<hr/>
	(1,592,137)	(570,615)
Add: Other taxable income	577,647	457,719
	<hr/>	<hr/>
	(1,014,490)	(112,896)
Less: Other deductible expenses	(385,920)	(581,217)
Net income subject to tax	<hr/>	<hr/>
	(1,400,410)	(694,113)
Income tax using the Club's statutory income tax rate of 30% (2020: 30%)	(420,123)	(208,234)
Current year losses for which no deferred tax asset was recognised	420,123	208,234
Income tax expense on pre-tax net loss	<hr/>	<hr/>
	-	-
Tax losses		
Unused tax losses for which no deferred tax assets has been recognised @ 30%	(7,943,639)	(6,543,230)
	<hr/>	<hr/>
	(2,383,092)	(1,962,969)
	<hr/>	<hr/>

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

8 Cash and cash equivalents

In AUD

	2021	2020
Bank balances	631,889	12,301
Cash on hand	601,178	375,338
Cash and cash equivalents in the statement of financial position	<u>1,233,067</u>	<u>387,639</u>
Bank overdrafts used for cash management purposes	(997,633)	(597,848)
Cash and cash equivalents in the statement of cash flows	<u>235,434</u>	<u>(210,209)</u>

The Club's exposure to credit and interest rate risks and a sensitivity analysis for financial assets are disclosed in note 18.

9 Trade and other receivables

In AUD

	2021	2020
Current		
Trade and other receivables	<u>1,053,318</u>	<u>149,096</u>

The Club's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 18.

10 Inventories

In AUD

	2021	2020
Finished goods	<u>297,726</u>	<u>259,124</u>

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

11 Property, plant and equipment

<i>In AUD</i>	Land and buildings	Plant and equipment	Leasehold improvements	Leased and right-of-use assets	Capital work in progress	Total
	<i>Fair Value</i>	<i>Cost</i>	<i>Cost</i>	<i>Cost</i>	<i>Cost</i>	
Balance at 1 January 2020	168,700,000	17,751,238	2,642,808	2,153,605	7,043,981	198,291,632
Additions	-	345,910	-	-	1,680,264	2,026,174
Revaluation	(56,295,955)	-	-	-	-	(56,295,955)
Transfers	195,955	16,839	274,643	-	(487,437)	-
Balance at 31 December 2020	112,600,000	18,113,987	2,917,451	2,153,605	8,236,808	144,021,851
Balance at 1 January 2021	112,600,000	18,113,987	2,917,451	2,153,605	8,236,808	144,021,851
Additions	-	2,040,637	-	15,336,074	4,976,087	22,352,798
Disposals	-	(30,950)	-	-	-	(30,950)
Revaluation	(20,270,000)	-	-	-	-	(20,270,000)
Balance at 31 December 2021	92,330,000	20,123,674	2,917,451	17,489,679	13,212,895	146,073,699
Accumulated depreciation						
Balance at 1 January 2020	-	14,078,430	1,212,102	701,129	-	15,991,661
Depreciation for the year	648,848	2,018,725	47,563	567,454	-	3,282,590
Revaluation offset	(648,848)	-	-	-	-	(648,848)
Balance at 31 December 2020	-	16,097,155	1,259,665	1,268,583	-	18,625,403
Balance at 1 January 2021	-	16,097,155	1,259,665	1,268,583	-	18,625,403
Depreciation for the year	653,339	1,198,962	54,277	1,815,687	-	3,722,265
Revaluation offset	(653,339)	-	-	-	-	(653,339)
Balance at 31 December 2021	-	17,296,117	1,313,942	3,084,270	-	21,694,329
Carrying amounts						
At 1 January 2021	112,600,000	2,016,832	1,657,786	885,022	8,236,808	125,396,448
At 31 December 2021	92,330,000	2,827,557	1,603,509	14,405,409	13,212,895	124,379,370

Leased assets

The Club leases gaming machines under a number of finance lease agreements. Refer to note 14 for details of security over leased assets.

Security

Refer to note 14 for details of security over property, plant and equipment.

Valuation

The latest independent valuation of the Club's freehold land and buildings at 194 – 204 Pitt Street carried out as at 31 December 2021 by Preston Rowe Paterson Property Consultants (Registered Valuer No. VAL2391) on the basis of highest and best use market value resulted in valuation of land and buildings of \$92,330,000. As a result, an amount of \$19,616,661 has been recognised in other comprehensive loss during the year.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

12 Core and non-core property

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

<i>In AUD</i>	2021	2020
Core property	105,647,164	112,600,000
Non-core property	-	-
	<u>105,647,164</u>	<u>112,600,000</u>

Core property includes the defined premises of the Club and any facilities provided for Club members. Accordingly, all property occupied by the Club is defined as core property.

13 Trade and other payables

<i>In AUD</i>	2021	2020
Current		
Trade payables and accrued expenses	3,445,775	2,459,921
Daily licence fees	659,466	273,136
Revenue received in advance	1,161,898	557,277
	<u>5,267,139</u>	<u>3,290,334</u>
Non-current		
Daily licence fees	246,708	56,943
	<u>246,708</u>	<u>56,943</u>

The Club's exposure to liquidity risk related to trade and other payables is disclosed in note 18.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

14 Loans and borrowings

This note provides information about the contractual terms of the Club's interest-bearing and non-interest bearing loans and borrowings which are measured at amortised cost. For more information about the Club's exposure to interest rate and liquidity risk, see note 18.

In AUD

	2021	2020
Current liabilities		
Bank overdraft	997,633	597,848
Secured bank loans	1,162,500	-
Lease liability - Other	193,088	499,571
Lease liability - CBA	77,009	73,298
	<u>2,430,230</u>	<u>1,170,717</u>
Non-current liabilities		
Developer refinancing loan	24,000,000	20,000,000
Secured bank loans	-	1,512,500
Lease liability - Other	47,973	264,054
Lease liability - CBA	13,249	90,415
	<u>24,061,222</u>	<u>21,866,969</u>

Financing facilities

In AUD

The Club has access to the following lines of credit:

Facilities available

Bank overdraft	1,200,000	800,000
	<u>1,200,000</u>	<u>800,000</u>

Facilities utilised at reporting date

Bank overdraft	997,633	597,848
	<u>997,633</u>	<u>597,848</u>

Facilities not utilised at reporting date

Bank overdraft	202,367	202,152
	<u>202,367</u>	<u>202,152</u>

Security

First registered Mortgage over the property situated at 194 Pitt Street, Sydney.

First registered Mortgage over the property situated at 196-204 Pitt Street Sydney.

Specific Security over Liquor License and all related gambling machine entitlements and poker permits, including 302 gaming entitlements.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

15 Employee benefits

In AUD

	2021	2020
Current		
Liability for long service leave	207,431	134,736
Liability for annual leave	365,003	296,325
	<u>572,434</u>	<u>431,061</u>
Non-current		
Liability for long-service leave	114,973	156,417
	<u>114,973</u>	<u>156,417</u>

16 Provisions

In AUD

	Restoration costs	Poker machine links	CT bonus points	Total
Balance at 1 January 2021	50,000	171,397	4,211	225,608
Provisions charge during the year	-	74,545	51,771	126,316
Balance at 31 December 2021	<u>50,000</u>	<u>245,942</u>	<u>55,982</u>	<u>351,924</u>
Current	-	245,942	55,982	301,924
Non-current	50,000	-	-	50,000
	<u>50,000</u>	<u>245,942</u>	<u>55,982</u>	<u>351,924</u>

Restoration costs

The provisions for restoration costs is in respect to the Club's obligation to restore Boonoona Ski Lodge at the end of the lease term in 2028. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The provision is expected to be realised at the end of the lease term.

Poker machine links and CT bonus points

The provision for poker machine links and CT bonus points represent the Club's estimated present obligation to members and visitors in respect of poker machine link payouts and bonus points promotions. The provisions are expected to be realised within 12 months of reporting date.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

17 General funds and reserves

General funds

General funds represents the funds of the Club that are not designated for particular purposes.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land and buildings.

Capital profit reserve

The amount represents the balance of the revaluation reserve at 1 January 2004 in respect of assets that were measured on the basis of deemed cost on transition to AIFRSs.

18 Financial risk management and financial instruments

Overview

The Club has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Club's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Club, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Club's activities. The Club, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Club's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Club.

Credit risk

Credit risk is the risk of financial loss to the Club if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Club's trade and other receivables and cash and cash equivalents.

Management of credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Club does not require collateral in respect of financial assets. The Club limits its exposure to credit risk on cash and cash equivalents by only investing in current and deposit accounts with independently credit-related Australian standardised financial institutions. These are generally held on short terms (less than three months) to ensure funds are immediately accessible for operating and investing needs.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

18 Financial risk management and financial instruments (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	Note	2021	2020
Cash and cash equivalents	8	1,233,067	387,639
Trade and other receivables	9	1,053,318	149,096
		<u>2,286,385</u>	<u>536,735</u>

As the Club only operates in Sydney, Australia and to retail customers the credit risk exposure by geographic and type of customer is limited to these groups respectively.

Based on historic default rates and the insignificant balance of trade receivables at the end of the year, the Club believes that no impairment allowance is necessary in respect of trade receivables.

The aging of the Club's trade receivables at the reporting date was:

<i>In AUD</i>	Note	Gross 2021	Impairment 2021	Gross 2020	Impairment 2020
Not past due	9	<u>1,053,318</u>	-	<u>149,096</u>	-

Liquidity risk

Liquidity risk is the risk that the Club will not meet its financial obligations as they fall due.

Management of liquidity risk

The Club's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's reputation.

The Club monitors cash flow requirements on a daily basis and optimises its payments and receipts cycle accordingly. Typically the Club ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

18 Financial risk management and financial instruments (continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2021

<i>In AUD</i>	Note	Carrying amount	Contractual cash flows	12 months or less	1-5 years	More than 5 years
Bank overdrafts	14	997,633	997,633	997,633	-	-
Trade and other payables	13	5,513,847	5,513,847	5,267,139	246,708	-
Developer refinancing	14	24,000,000	24,000,000	-	24,000,000	-
Lease liabilities	14,24	14,761,093	14,761,093	1,293,398	5,198,801	8,268,894
		<u>45,272,573</u>	<u>45,272,573</u>	<u>7,558,170</u>	<u>29,445,509</u>	<u>8,268,894</u>

31 December 2020

Bank overdrafts	14	597,848	597,848	597,848	-	-
Trade and other payables	13	3,347,277	3,347,277	3,290,334	56,943	-
Developer refinancing	14	20,000,000	20,000,000	-	-	20,000,000
Lease liabilities	14,24	927,338	927,338	572,869	354,469	-
		<u>24,872,463</u>	<u>24,872,463</u>	<u>4,461,051</u>	<u>411,412</u>	<u>20,000,000</u>

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Club's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Club's exposure to interest rate risk is primarily attributable to cash and cash equivalents and finance lease liabilities. The Club does not use derivatives to minimise this risk and these will fluctuate in accordance with movements in the market interest rates.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

18 Financial risk management and financial instruments (continued)

Management of market risk (continued)

At the reporting date the interest rate profile of the Club's interest-bearing financial instruments was:

<i>In AUD</i>	2021	2020
Fixed rate instruments		
Secured bank loan	(1,162,500)	(1,512,500)
Bank overdraft	(997,633)	(597,848)
Financial liabilities	(331,319)	(927,338)
	<u>(2,491,452)</u>	<u>(3,037,686)</u>
Variable rate instruments		
Financial assets	1,233,067	387,639
Financial liabilities	-	-
	<u>1,233,067</u>	<u>387,639</u>

Fair value sensitivity analysis for fixed rate instruments

The Club does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Club does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

<i>Effect In AUD</i>	100 bp Increase	100 bp Decrease
31 December 2021		
Variable rate instruments	12,331	(12,331)
Cash flow sensitivity	<u>12,331</u>	<u>- 12,331</u>
31 December 2020		
Variable rate instruments	3,876	(3,876)
Cash flow sensitivity	<u>3,876</u>	<u>(3,876)</u>

Fair values

Fair values versus carrying amounts

As at the reporting date, the carrying value of financial assets and liabilities are considered to approximate their fair value.

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

19 Contingencies

<i>In AUD</i>	2021	2020
Bank guarantee	1,478,665	10,000

The bank guarantee is secured by security deposit with Commonwealth Bank of Australia.

20 Related parties

Key management personnel compensation

The key management personnel compensation comprised:

<i>In AUD</i>	2021	2020
Short-term employee benefits	807,005	603,672

Apart from the details disclosed in this note, no Director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel transactions with the Club

From time to time, the Directors of the Club may purchase goods from the Club. These purchases are on the same terms and conditions as those entered into by other Club employees or customers and are trivial or domestic in nature.

21 Auditor's remuneration

<i>In AUD</i>	2021	2020
<i>KPMG Australia:</i>		
Audit of financial reports	96,000	82,500
Preparation of financial statements	15,000	8,000
Other assurance services	3,500	9,500
	114,500	100,000

City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

22 Subsequent events

- On 11 February 2022, the Club completed its amalgamation with Barracks on Barrack upon obtaining approval from the Independent Liquour and Gaming Authority, following a Special General Meeting.
- On 24 March 2022, the Club completed the refinancing of its secured bank loans resulting in a 2 year extension to the overdraft facility and the loan due date.
- On 17 May 2022, the Club signed a lease for a premises on 114-120 Castlereagh St, commencing 1 June 2022.

Other than the above items, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Club, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

23 Business combination (amalgamation)

On 2 February 2021, the City Tattersalls Club acquired the assets and liabilities of The Catholic Club Limited, a club based out of 199 Castlereagh St in Sydney CBD. City Tattersalls Club Limited and The Catholic Club Limited are deemed to be 'mutual entities' (as opposed to 'investor owned'). Therefore, the City Tattersalls Club as the acquirer in the combination of mutual entities recognises the difference between consideration paid of nil and the fair value of the net assets acquired as a direct contribution to equity in the statement of financial position.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of The Catholic Club Limited as at the date of amalgamation were:

In AUD

Assets

	Fair value
Cash and cash equivalents	4,610,000
Property, plant and equipment - plant and equipment	375,257
Property, plant and equipment - right of use assets	15,327,275
Intangible assets	180,000
Trade and other receivables	1,607,375

Liabilities

Trade and other payables	(796,738)
Employee benefits	(282,208)
Lease liabilities	(15,327,275)

Total identifiable net assets at fair value	5,693,686
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Purchase consideration	-
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Amount recognised as equity as an amalgamation reserve	5,693,686
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City Tattersalls Club

Notes to the financial statements (continued)

For the year ended 31 December 2021

24 Leases

See accounting policy in Note 3(k).

As lessee (AASB 16)

The Club leases the premises at 197 Castlereagh st, a ski lodge (Boonoona) and gym equipment under operating leases. The leases on property run for a period of 7 to 12 years, with an option to renew the lease after that date.

Information about leases for which the Club is a lessee is presented below.

a) Right-of-use assets

In AUD

2021

	Land and buildings	Gym Equipment	Total
Balance at 1 January 2021	189,158	-	189,158
Additions to right-of-use assets	14,558,594	777,479	15,336,073
Depreciation charge for the year	(1,266,652)	(194,819)	(1,266,652)
Balance at 31 December 2021	13,481,101	582,660	14,063,761

In AUD

2020

	Land and buildings	Gym Equipment	Total
Balance at 1 January 2020	214,379	-	189,158
Depreciation charge for the year	(25,221)	-	(25,221)
Balance at 31 December 2020	189,158	-	189,158

b) Lease liabilities

In AUD

	2021	2020
Lease liabilities - Current	1,232,176	24,594
Lease liabilities - Non Current	13,197,598	164,559
	14,429,774	189,153

c) Amounts recognised in profit or loss

In AUD

	2021	2020
Interest on lease liabilities	380,348	1,275

d) Amounts recognised in statement of cash flows

In AUD

	2021	2020
Total cash outflow for leases	1,287,738	24,336

City Tattersalls Club
Notes to the financial statements (continued)
For the year ended 31 December 2021

24 Leases (continued)

As lessor

The Club leases out parts of its Club premise. The Club has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

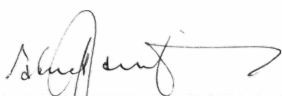
<i>In AUD</i>	2021	2020
Less than one year	378,651	410,263
Two to five years	-	378,651
	<u>378,651</u>	<u>788,914</u>

City Tattersalls Club
Directors' declaration

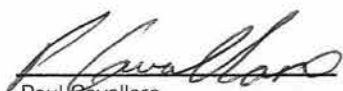
In the opinion of the Directors of City Tattersalls Club ("the Club"):

- (a) the financial statements and notes that are set out on pages 3 to 30, are in accordance with the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Act Amendment Act 1936, and the City Tattersalls Club Rules as Amended, including:
 - (i) giving true and fair view of the Club's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Patrick Champion
Chairman



Paul Cavallaro
Vice Chair

23 May 2022

Independent Auditor's Report

To the Members of City Tattersalls Club

Opinion

We have audited the **Financial Report** of City Tattersalls Club ('the Club').

In our opinion, the accompanying Financial Report gives a true and fair view, in all material respects, the financial position of the Club as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *City Tattersall's Club Act 1912* as amended by the *City Tattersall's Club Act 1936*, and the *City Tattersall Club Rules* as amended.

The **Financial Report** comprises:

- *Statement of financial position* as at 31 December 2021
- *Statement of profit or loss and other comprehensive income, Statement of changes in members' fund, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Club in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements in accordance with the Code.

Restriction on use

The Financial Report has been prepared to assist the *Members of City Tattersalls Club* in complying with the financial reporting requirements of the *City Tattersall's Club Act 1912* as amended by the *City Tattersall's Club Act 1936*, and the *City Tattersall Club Rules* as amended.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Members of City Tattersalls Club and should not be used by parties other than the Members of City Tattersalls Club. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Members of City Tattersalls Club or for any other purpose than that for which it was prepared.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of *City Tattersall's Club Act 1912* as amended by the *City Tattersall's Club Act Amendment 1936* and the *City Tattersall's Club Rules* as amended. implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Club's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Cameron Roan

Partner

Sydney

23 May 2022