
The Neutral Bay Club

ABN 54 000 012 028

Financial Statements
For the Year Ended 31 December 2023

THE NEUTRAL BAY CLUB
ABN 54 000 012 028

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Likely Future developments and results

Likely developments in operations of the company and the expected results of those in future financial years have not been included in this report as inclusion of such information is likely to result in unreasonable prejudice of the company

Directors and officers Indemnity

Details of Directors of The Neutral Bay Club receiving or becoming entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Club with a Director, or with a firm of which a Director is a member, or with an entity in which the Director has a substantial financial interest are outlined in Registered Clubs Act disclosures.

The Club has not, during or since the end of the financial year, in respect of any person who is or has been an Officer or Auditor of the Club:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings.

Litigation

No person has applied for leave of court to bring proceedings against the Club or any persons relating to the Club taking responsibility on behalf of the Club.

Auditor's Independence

The auditor's independence declaration for the year ended 31 December 2023 has been received by the Board of Directors.

The report is signed in accordance with a resolution of the Board of Directors.



Ian Rae

Member of the Board

Dated this 30th Day of April 2024



James Rowland

Member of the Board

Dated this 30th day of April 2023

The Neutral Bay Club
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2023

	Notes	2023 \$	2022 \$
Revenue			
Revenue from contracts with customers	4	2,447,511	2,230,598
Other income	5	12,737	3,812
Total revenue		2,460,248	2,234,410
Expenses			
Cost of sales		(414,907)	(459,004)
Administration and other operating costs		(760,378)	(775,230)
Depreciation		(83,872)	(83,067)
Employee benefits	6	(667,390)	(689,011)
Lease payments for short-term/low-value leases		(4,791)	(4,673)
Repair and maintenance		(85,900)	(76,283)
Total expenses		(2,017,238)	(2,087,268)
Net surplus before income tax		443,010	147,142
Income tax expense		-	-
Net surplus for the year		443,010	147,142
Other comprehensive income		-	-
Total comprehensive income		443,010	147,142

The accompanying notes form part of these financial statements.

The Neutral Bay Club
Statement of Financial Position
As at 31 December 2023

	Notes	2023 \$	2022 \$
Assets			
Current			
Cash and cash equivalents	7	1,137,576	751,343
Trade and other receivables	8	26,507	9,668
Inventories	9	37,547	30,544
Other assets	10	4,709	4,412
Current assets		1,206,339	795,967
Non-current			
Property, plant and equipment	11	9,176,582	9,076,265
Non-current assets		9,176,582	9,076,265
Total assets		10,382,921	9,872,232
Liabilities			
Current			
Trade and other payables	12	131,414	110,000
Provisions	13	47,146	27,577
Other liabilities	14	48,002	29,130
Current liabilities		226,562	166,707
Non-current			
Provisions	13	7,824	-
Non-current liabilities		7,824	-
Total liabilities		234,386	166,707
Net assets		10,148,535	9,705,525
Equity			
Reserves		8,496,874	8,505,438
Accumulated funds		1,651,661	1,200,087
Total equity		10,148,535	9,705,525

The accompanying notes form part of these financial statements.

The Neutral Bay Club
Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

Notes	Land	Legacies	Accumulated	Total
	Revaluation		Funds	Equity
	Reserve			
	\$	\$	\$	\$
Balance at 1 January 2022	8,496,874	8,564	1,052,945	9,558,383
Surplus for the year	-	-	147,142	147,142
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	147,142	147,142
Balance at 31 December 2022	8,496,874	8,564	1,200,087	9,705,525
Balance at 1 January 2023	8,496,874	8,564	1,200,087	9,705,525
Surplus for the year	-	-	443,010	443,010
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	443,010	443,010
Transfer (from)/to reserve	-	(8,564)	8,564	-
Balance at 31 December 2023	8,496,874	-	1,651,661	10,148,535

Legacies are composed of Gordon and Louise Smith Legacy, Harold Hicks Legacy and Langlois Lukin Legacy.

The accompanying notes form part of these financial statements.

The Neutral Bay Club
Statement of Cash Flows
For the Financial Year Ended 31 December 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers, members, donors and others		2,697,987	2,229,212
Payments to suppliers and employees		(2,136,864)	(2,011,202)
Interest received		9,299	654
Net cash provided by operating activities		570,422	218,664
Cash flows from investing activities			
Payments for property, plant and equipment		(184,189)	(81,929)
Net cash used in investing activities		(184,189)	(81,929)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Net change in cash and cash equivalents		386,233	136,735
Cash and cash equivalents at beginning of financial year		751,343	614,608
Cash and cash equivalents at end of financial year	7	1,137,576	751,343

The accompanying notes form part of these financial statements.

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

1. General information

The financial report covers The Neutral Bay Club as an individual entity. The Neutral Bay Club is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The entity's principal activities were to provide the services and amenities of a Registered Club and to support the core sporting activities of tennis and lawn bowls to Members, their guests and visitors.

The principal place of business is 3 Westleigh Street, Neutral Bay, NSW, 2089.

The financial report was authorised for issue by the Directors on 1 May 2024.

2. Changes in accounting policies

New and revised standards that are effective for these financial statements

A number of revised standards became effective for the first time to annual periods beginning on or after 1 July 2022. The adoption of these revised accounting standards has not had a material impact on the entity's financial statements.

Accounting Standards issued but not yet effective and not been adopted early by the Club

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the Company. The Directors are currently assessing the impact such standard will have on the Company.

3. Summary of material accounting policies

Financial reporting framework

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*.

Statement of compliance

The general purpose financial statements of the Company have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board.

Basis of preparation

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Company.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Other revenue

For any revenue streams that are not defined as contracts with customers, then the revenue is recognised when the entity gains control, economic benefits are probable and the amount of the revenue can be measured reliably.

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

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Short-term leases and leases of low-value assets

The entity's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Income taxes

Income tax has not been provided for in the financial statements, as the Club is exempt from income tax as a sporting body under the provisions of Section 50-45 of the *Income Tax Assessment Act 1997*.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

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

Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs directly related to acquisition, such as freight and delivery charges, and liquor taxes where applicable. Cost is based on first-in, first-out principle. Net realisable value is determined on an item-by-item basis.

Property, plant and equipment

Property, plant and equipment are included at cost of acquisition or at independent or Directors' fair valuation, less any impairment. These assets are depreciated, other than land, over their useful lives commencing from the time the asset is held ready for use and adjusted for any impairment.

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

Depreciation

Property, plant and equipment, excluding land, is depreciated on a straight-line basis over the asset's useful life to the Club, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Tennis courts	1.5 – 20%
Buildings	5 – 25%
Bowling green	10%
Furniture, plant and equipment	7.5 – 50%
Computer equipment	33.3%

Profits and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year. Additionally, impairment of property, plant and equipment is reviewed at least annually.

Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Trade and other payables

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

Goods and services tax (GST)

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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Provision for employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the entity transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the entity performs under the contract (i.e. transfers control of the related goods or services to the customer).

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. With the exception of minor reclassifications between certain financial statement line items, comparatives are consistent with prior years, unless otherwise stated.

Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An allowance for expected losses is included, where applicable, based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The allowance for expected losses is based on the best information at the reporting date.

Inventories

Directors estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

	2023	2022
	\$	\$
4. Revenue from contracts with customers		
<u>Revenue recognised over time</u>		
Tennis court income	807,905	691,666
Membership and sponsorship fees	142,112	111,402
Rental income	117,144	68,714
Bowling green income	82,209	47,557
Functions and raffles income	17,381	12,882
Poker machine hire	14,000	14,000
Grants and donations	30,902	3,000
	<u>1,211,653</u>	<u>949,221</u>
<u>Revenue recognised at a point in time</u>		
Sale of goods - bar sales	1,227,243	1,275,050
Sale of goods - tennis merchandise	8,615	6,327
	<u>1,235,858</u>	<u>1,281,377</u>
Total revenue from contracts with customers	<u>2,447,511</u>	<u>2,230,598</u>

How the entity recognises revenue

Membership and sponsorship fees

Revenue relating to membership and sponsorship fees is recognised over the period to which the agreement relates.

Tennis courts, rental, bowling green, functions, raffles and poker machine hire income

Revenue relating to tennis courts, rental, bowling green, functions, raffles and poker machine hire income is recognised over the period in which the service is provided.

Sale of goods

Sale of goods are recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer.

Grants

If conditions are attached to a grants, revenue is recognised when the entity satisfies those conditions.

5. Other income

Interest income	9,299	654
Other income	3,438	3,158
	<u>12,737</u>	<u>3,812</u>

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

	2023	2022
	\$	\$
6. Employee benefits		
Wages and salaries, including leave	(582,587)	(629,348)
Superannuation	(84,803)	(59,663)
	(667,390)	(689,011)
7. Cash and cash equivalents		
Cash on hand	3,000	3,000
Cash at bank	734,576	348,343
Term deposits	400,000	400,000
	1,137,576	751,343
8. Trade and other receivables		
Current		
Trade receivables	6,021	613
Tennis receivables	20,486	9,055
	26,507	9,668
9. Inventories		
Current		
Stock on hand - bar	37,547	30,544
	37,547	30,544
10. Other assets		
Current		
Prepayments	4,709	4,412
	4,709	4,412
11. Property, plant and equipment		
Freehold land at valuation	8,500,000	8,500,000
Buildings and improvements at cost	1,321,033	1,198,510
Buildings and improvements accumulated depreciation	(860,223)	(835,436)
	460,810	363,074
Bowling green at cost	174,094	174,094
Bowling green accumulated depreciation	(173,981)	(173,080)
	113	1,014

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

	2023	2022
	\$	\$
11. Property, plant and equipment (continued)		
Furniture and equipment at cost	680,527	623,148
Furniture and equipment accumulated depreciation	(571,374)	(536,746)
	<u>109,153</u>	<u>86,402</u>
Poker machines at cost	108,268	108,268
Poker machines accumulated depreciation	(108,268)	(108,268)
	<u>-</u>	<u>-</u>
Tennis courts and lights at cost	441,696	437,409
Tennis courts and lights accumulated depreciation	(335,190)	(311,634)
	<u>106,506</u>	<u>125,775</u>
Total property, plant and equipment	<u>9,176,582</u>	<u>9,076,265</u>

	Freehold Land	Buildings and Improvements	Bowling Green	Furniture and Equipment
	\$	\$	\$	\$
Net carrying amount 1 January 2023	8,500,000	363,074	1,014	86,402
Additions	-	122,523	-	57,379
Disposals	-	-	-	-
Depreciation	-	(24,787)	(901)	(34,628)
Net carrying amount 31 December 2023	<u>8,500,000</u>	<u>460,810</u>	<u>113</u>	<u>109,153</u>

	Poker Machines	Tennis Courts and Lights	Total
	\$	\$	\$
Net carrying amount 1 January 2023	-	125,775	9,076,265
Additions	-	4,287	184,189
Disposals	-	-	-
Depreciation	-	(23,556)	(83,872)
Net carrying amount 31 December 2023	<u>-</u>	<u>106,506</u>	<u>9,176,582</u>

The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

11. Property, plant and equipment (continued)

The Directors have adopted a policy of revaluation of land only, at a minimum of three (3) yearly intervals. The revaluation reflects a fair value, by independent assessment of the unimproved capital value (UCV) of land, based on existing or contemplated use, and takes into account market conditions and value levels at the time. The Directors commissioned a valuation report by Cushman and Wakefield on 24 February 2022. The report provided a valuation of \$8,500,000 for the land.

	2023	2022
	\$	\$
12. Trade and other payables		
Current		
Trade payables	49,678	50,640
Accrued expenses	50,088	25,838
Net GST payable	31,648	33,522
	131,414	110,000

13. Provisions

Current

Provision for employee benefits	47,146	27,577
	47,146	27,577

Non-current

Provision for employee benefits	7,824	-
	7,824	-

14. Other liabilities

Current

Contract liabilities - services	48,002	29,130
	48,002	29,130

15. Related parties

The entity's related parties include its key management personnel and related entities as described below. Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Key management personnel compensation

Total key management personnel compensation	173,416	190,453
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The Neutral Bay Club
Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

	2023	2022
	\$	\$
16. Remuneration of auditors		
<u>Crispin & Jeffery Chartered Accountants</u>		
Audit and assistance with preparation of financial report	14,750	14,500
	14,750	14,500

17. Commitments

The entity has no material unrecognised contractual commitments as at 31 December 2023.

18. Contingent liabilities

There are no contingent liabilities that have been incurred by the entity as at reporting date.

19. Subsequent events

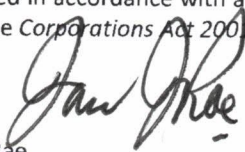
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these accounts.

**The Neutral Bay Club
Directors' Declaration
For the Financial Year Ended 31 December 2023**

The Directors of the Company declare that in the Directors' opinion:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable.

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



Ian Rae
Member of the Board
1 May 2024



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DIRECTORS
Jonathan Rudman
Mark G Arthur

The Neutral Bay Club
Auditor's Independence Declaration to the Directors of The Neutral Bay Club
For the Financial Year Ended 31 December 2023

In accordance with the requirements of the *Corporations Act 2001*, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crispin & Jeffery
Chartered Accountants

A handwritten signature in black ink, appearing to be "Mark G Arthur".

Mark G Arthur
Director
1 May 2024
Sydney, New South Wales



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DIRECTORS
Jonathan Rudman
Mark G Arthur

**The Neutral Bay Club
Independent Auditor's Report to the Members of The Neutral Bay Club
For the Financial Year Ended 31 December 2023**

Opinion

We have audited the financial report of The Neutral Bay Club (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies, and the Directors' declaration.

In our opinion, the financial report of The Neutral Bay Club has been prepared in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (b) 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Company are responsible for the other information. The other information is the directors' report accompanying the financial report.

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, 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.

**The Neutral Bay Club
Independent Auditor's Report to the Members of The Neutral Bay Club
For the Financial Year Ended 31 December 2023**

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Company are responsible for assessing the registered 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 of the Company either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors of the Company are responsible for overseeing the Company's financial reporting process.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/>. This description forms part of our auditor's report.

**Crispin & Jeffery
Chartered Accountants**



Mark G Arthur
Director
1 May 2024
Sydney, New South Wales