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South East Leisure acknowledges the traditional owners and custodians of the land that we operate upon, the Bunurong People, and pay respects to their Elders past, present and emerging, and recognises their importance in maintaining knowledge, traditions, and culture in our community.

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Dandenong Oasis, 190-202 Cleeland Street
Dandenong Victoria 3175

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PO Box 2200
Dandenong North Victoria 3175

Email:
info@southeastleisure.com.au

Website:
www.southeastleisure.com.au

Message from the Chair



The City of Greater Dandenong established South East Leisure (SEL) to bring four Council owned aquatic and leisure facilities together under management by a single entity, with a focus to cater for the unique community needs of Greater Dandenong.

I am truly honoured to have been appointed the inaugural Chair of the Board and to work alongside my fellow directors in delivering world class leisure experiences.

With significant evidence that Dandenong suffers from a variety of health and wellbeing challenges, SEL is strongly committed to improving community health and wellbeing outcomes. Aligning our work with Council's Plan, and their Make Your Move Physical Activity Strategy we will pride ourselves on improving the health and wellbeing of the community and increasing patronage of SEL's facilities.

The Executive team, along with other key establishment team appointments, have worked tirelessly and have ultimately delivered on our goal to have all four facilities ready to open to patrons on 1 July. I commend the team on this effort and thank them for their dedication and commitment.

I would also like to thank my fellow Board members, your support of myself and management played a vital role in our success to date. The Board has penned the 2022-2027 strategic plan and the FY23 Annual Plan for John and his team to implement – the Board look forward to supporting these initiatives.

We also wouldn't have achieved any of this without the support of the City of Greater Dandenong, in particularly the work of Cr Lana Formoso, Martin Fidler, John Bennie and their respective teams.

As we head into the next phase of SEL, we remain committed to ensuring that we deliver on improving the health and the wellbeing of the Community.

Steven Wright

Non Executive Director and Chair

Message from the CEO



I was appointed as South East Leisure's inaugural CEO in September 2021; tasked with establishing South East Leisure (SEL) and to ensure operational readiness for our transition into four facilities on 1 July 2022.

At that point in time, SEL had no logo, vision, values, office, systems, policies nor any other staff, and the Board had spent just two months together. Mapping out the establishment year provided a clear roadmap, however the Board and I recognised many unknowns laid ahead. The nature of a start-up and the need to be agile, and responsive to challenges was crucial to our success. The Board provided myself, and later, the Executive team unwavering support and guidance. Ultimately, it was a team approach that fostered a productive working environment.

Fast forward 8 months, SEL is an up-and-running leisure management company. We have a clear purpose to improve community health and wellbeing outcomes through accessible, high quality leisure experiences. We have our newly fitted out support office located at Dandenong Oasis, our modern cloud-based systems are configured and implemented, our policies in place, our logo and brand shine of aspiration and our team has grown to almost 200 employees. 1 July 2022 will forever be remembered as our first day of operations, and the transition was as smooth as we could have hoped.

Our shareholder, the City of Greater Dandenong, were another important member of the team. Several Council Officers assisted our team with advice, information, and coordination between SEL and the previous facility operators. We've also been able to look forward together and have been providing operational advice throughout the design process for Dandenong Wellbeing Centre and the new Noble Park Aquatic Centre gym – two facilities that will certainly assist in achieving our vision.

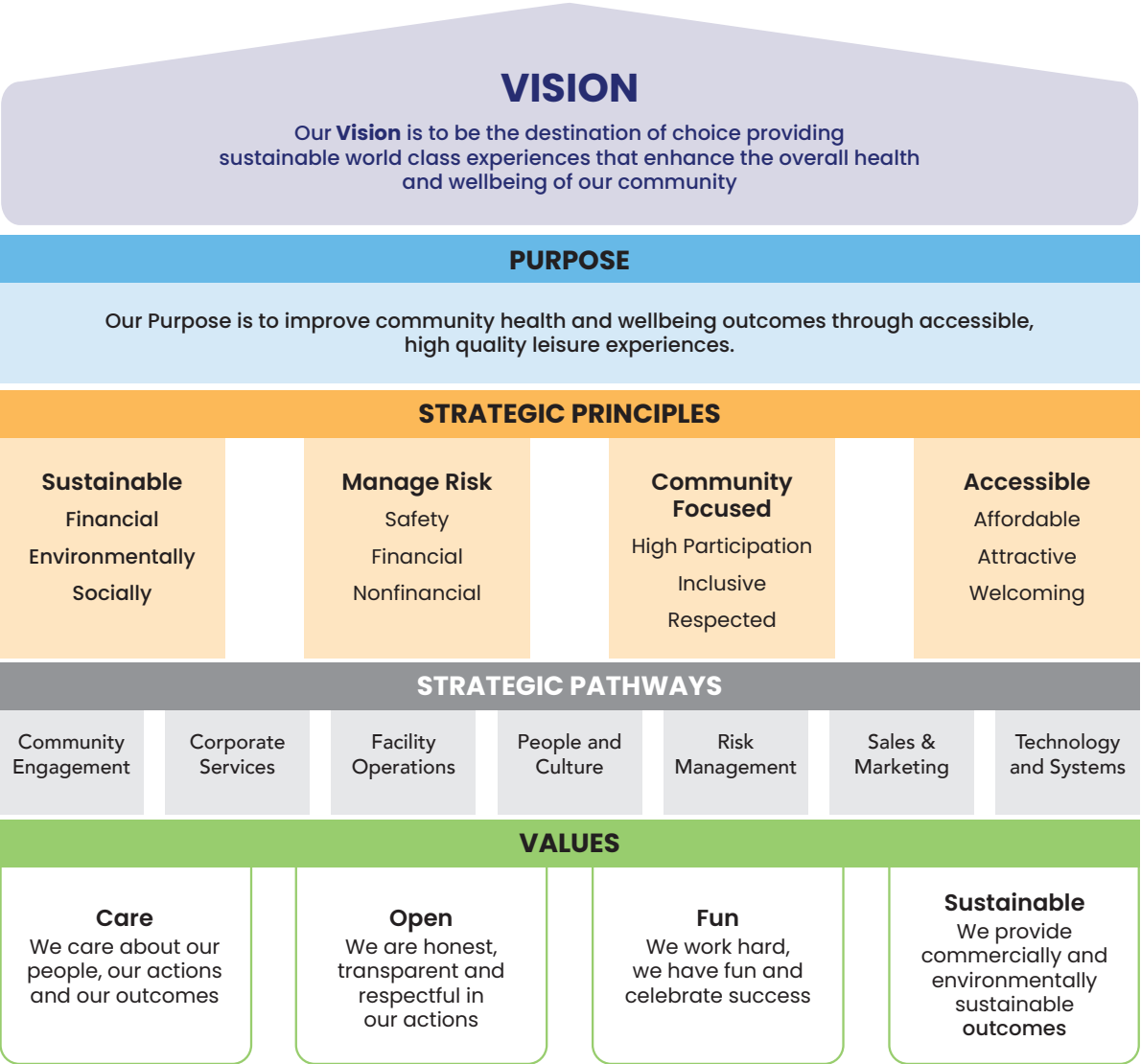
The SEL 2022-2027 strategic plan outlines four clear strategic principles; Sustainable, Manage Risk, Community Focused, Accessible. These principles are supported by over 87 specific actions and objectives across seven Strategic Pathways. This plan provides SEL the foundations to mature as a company, deliver results for our shareholder, and positively impact the health and wellbeing of the community.

Finally, I'd like to thank the SEL team – both those who were part of the establishment and those who joined SEL from 1 July. The establishment team showed great commitment, drive, and enthusiasm towards our goal of successfully transitioning into operations. While our facility workforce, majority of whom transferred from the previous facility operators, have been incredibly positive, adaptive, and quick to learn new systems and processes.

It was a challenging yet rewarding 21/22 – SEL has jumped off the starting blocks and in 22/23 I look forward to SEL becoming a valued member of the Dandenong community and contributing to improving the lives of many through the delivery of sustainable world class leisure experiences.

John Clark

Chief Executive Officer




- Sustainable**

Our goal is to operate our facilities, and business, in a way that is financially, environmentally and socially sustainable.
- Manage Risk**


Our goal is to create a safety first culture and to implement systems to minimise all financial and nonfinancial risks.
- Community Focused**

Our goal is to encourage and enable more people in our community to be more active, more often, by providing leisure experiences that positively impact physical and mental health.
- Accessible**

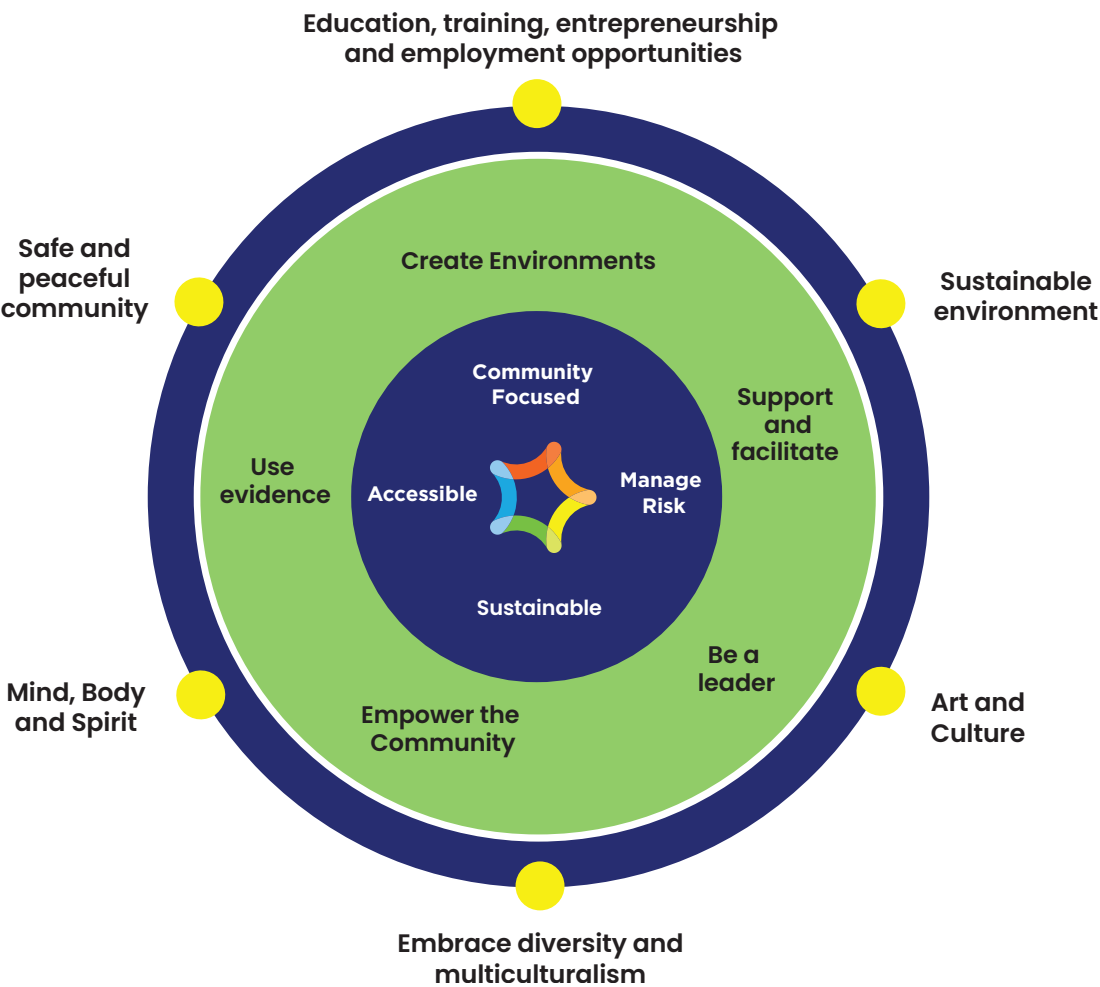
Our goal is to provide welcoming, clean and safe facilities and to deliver programs and services that meet the needs of our community.



Our Strategic Principles have been developed to ensure alignment to the six principles of the Council Plan 2021–25 and the five strategies of the Make Your Move Physical Activity Strategy 2020–2030



- Council Plan 2021–25 incorporating the Municipal Public Health and Wellbeing Plan
- Make Your Move Greater Dandenong Physical Activity Strategy 2020–2030 – Key Strategies
- SEL Strategic Plan 2022–27 – Strategic Principles



South East Leisure is a beneficial enterprise of the City of Greater Dandenong, pursuant to Section 110 of *The Local Government Act 2020*, and is a company limited by guarantee, governed under *the Corporations Act 2001* by a Board of five non-executive directors.

At Board meetings, our shareholder, the City of Greater Dandenong has two non-voting representatives who support the alignment of SEL's activities with that of the City's plans and strategies.

Our Board

The SEL Board ensures that our corporate governance obligations are maintained at an appropriately high standard of accountability. This includes structures and processes in relation to decision-making and accountability, which guide SEL's behaviours and enhance our performance.

The SEL Board practices good corporate governance principles to:

- enhance the performance of SEL
- understand and manage risks to minimise unwanted consequences and maximise opportunities
- strengthen community support and confidence in SEL
- enhance the public reputation of SEL through transparency and accountability
- demonstrate appropriate discharge of legal and ethical obligations
- assist in the prevention and detection of fraudulent, dishonest and/or unethical behaviour.

The following persons were directors and shareholder representatives during the 2021-22 financial year.

Directors



Steven Wright
Non Executive Director and Chair



Dr Malak Sukkar
Non Executive Director



Tim Cockayne
Non Executive Director



Mick Jaensch
Non Executive Director



Laura Buckley
Non Executive Director

Audit and Risk Management Committee

SEL's Audit and Risk Management Committee assists the Board with discharging its responsibilities related to:

- Probity
- Risk management
- Maintenance of sound internal controls
- Assurance activities including internal and external audits, legislative and regulatory compliance
- The Board's Codes of Conduct and governing principles.

Audit and Risk Management Committee Members:

- Laura Buckley – Committee Chair
- Steven Wright
- Mick Jaensch

People and Culture Committee

SEL's People and Culture Committee assists the Board with discharging its responsibilities related to:

- Promotion of a safe working culture
- SEL's Human Resources strategy and any requirements for appropriate resources, policies, and procedures
- Effective attraction and retention policies and programs that have regard to the creation of value for shareholders and the external remuneration market
- Performance management, development, planning and succession management programs to enable talented, motivated, and engaged people to support the achievement of the company strategy.

People and Culture Committee Members:

- Tim Cockayne – Committee Chair
- Malak Sukkar
- Mick Jaensch

Council Representatives



Martin Fidler



CR Lana Formoso

Executive Team



John Clark
Chief Executive Officer



Yamile Monsalve
General Manager Corporate Services and Finance



Jake Da Silva
General Manager Commercial and Community Partnerships



Travis Saver
General Manager Operations and Sustainability

Risk Management

During SEL’s establishment phase SEL Management and Board worked closely, in addition to engaging with Risk Management specialists to develop a Risk Management Framework aligned to ISO 30001: Risk Management.

In 2021-22 SEL’s Risk Management Policy, Risk Appetite Statement, Enterprise and Operational Risk Registers were all developed and implemented.

Risk Management Framework

Practices	Tools	Process
Risk Management Practices <ul style="list-style-type: none">ContextPlanningResourcesBehaviourCommunicationTrainingReportingAuditReview	Risk <ul style="list-style-type: none">Risk Registers (Company and site based)Action plansRisk Register annual reviewFinancials and platform dataSupport Plans / Risk Assessments Planning <ul style="list-style-type: none">Threats & opportunitiesStrengths & weaknessesMateriality assessment Performance Monitoring <ul style="list-style-type: none">Monthly scorecards and reporting packAudit Schedule & Audit ToolsOH&S Committee	Risk <ul style="list-style-type: none">Risk Management PolicyBusiness Continuity PlanIncident management system Planning <ul style="list-style-type: none">Strategic PlanAnnual PlanScorecards Performance Monitoring <ul style="list-style-type: none">Quarterly reporting to CouncilBoard MeetingsBoard Sub-Committee MeetingsExecutive Team Meetings



Our Commitment

SEL recognises that risk exists in all aspects of our operations and is committed to building and sustaining a robust risk management culture that aligns with our core values and supports the overall operations of the organisation.

Combined with our strong leadership commitment, at all levels, employees are empowered to identify, isolate and report hazards, non-conformities and other events that may impact on the health and wellbeing of people involved with SEL activities and business operations. This is supported by modern systems that enable investigations, support continual improvement, and allow for comprehensive and timely reporting.



As of Friday 1 July 2022, SEL proudly assumed management responsibilities of four aquatic and leisure facilities.

Over the next five years there is an exciting pipeline of facility upgrades and renewals that will lead to significant improvements across visitations, membership numbers and financial performances.



- 50m indoor heated pool
- Programs pool
- Toddler pool
- Warm water exercise pool
- Spa and sauna
- Gym, group fitness and cycle studio
- Three squash courts
- Café and retail
- Table tennis hall

Dandenong Oasis has been serving the community for over 40 years. In 2019, Council resolved to develop a new aquatic and wellbeing centre to replace the existing facility.

The Dandenong Wellbeing Centre (DWC) will incorporate traditional aquatic and leisure facility components with an enhanced focus on health and wellbeing. Construction is proposed to commence in early 2023 and be completed by early 2025, subject to funding. It is planned that Oasis will continue to operate during the construction of the DWC.



Centre Members*

1167



Swim Lesson Students*

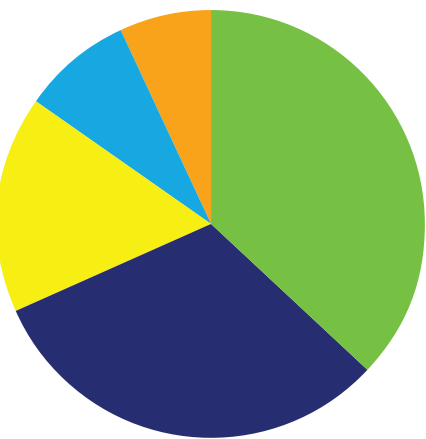
748



Centre Attendance*

476,503

Attendance Summary*



- **Health & Fitness**
(177,076)
- **Recreation Swimming**
(148,743)
- **Swimming Lessons**
(79,045)
- **School**
(39,481)
- **Other**
(32,157)

+ Figure as of 1 July 2022

* Statistics provided by previous operators for FY19 to represent pre-COVID numbers





- 50m outdoor heated pool
- Indoor heated leisure and programs pool
- Outdoor water splash park
- Large outdoor waterslide
- Café and retail

Over 77,000 residents live within 3km of NPAC. NPAC is currently undergoing Stage 1 of a major redevelopment and extension of the south east portion of the building to include a new gym and group fitness rooms. The development is anticipated to have a positive and significant impact on visitation and participation levels, community health and operational performance. The new gym is scheduled to open late 2022.



Centre Members⁺

211



Swim Lesson Students⁺

746



Centre Attendance⁺

200,600

Attendance Summary*



- **Swimming Lessons**
(65,292)
- **Recreation Swimming**
(38,111)
- **Health & Fitness**
(26,666)
- **Lane Hire**
(25,605)
- **Function Room**
(23,333)
- **Schools**
(21,097)
- **Other**
(496)

+ Figure as of 1 July 2022
* Statistics provided by previous operators for FY19 to represent pre-COVID numbers





- 15 full size FIBA Basketball courts
- 17 FIVB Indoor Volleyball courts
- 2,000 seat show court
- Three full size FIVB Beach Volleyball courts
- Keith Miller Function Room
- Strength and conditioning room
- Café and retail

Dandenong Stadium is one of Australia’s largest indoor sports facilities and is home to the State Volleyball Centre, and Dandenong Basketball Association.



Primary Tenants

2



DBA Representative Teams

33



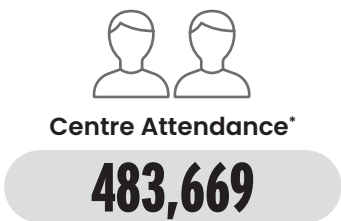
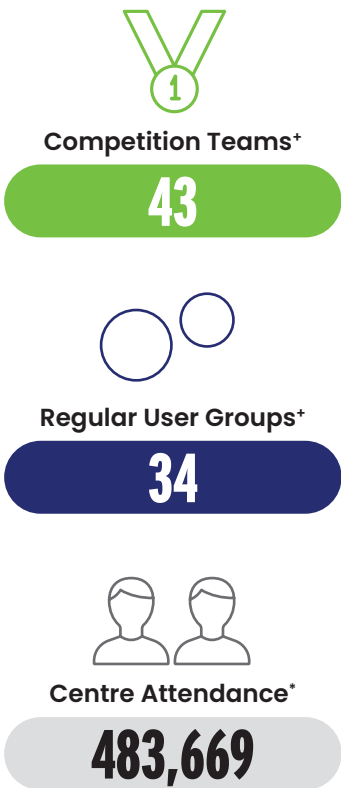
Regular User Groups

63



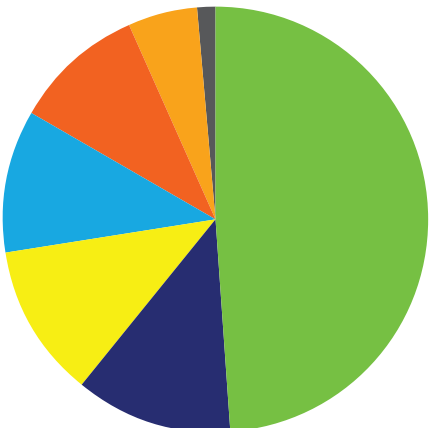


Springers is currently the preferred location for the relocation of the Greater Dandenong Table Tennis Association when Oasis eventually closes. This facility would be an addition to Springers and provide a purpose-built table tennis facility for the community.



- Five multipurpose indoor courts
- Six separate function spaces for hire
- Commercial kitchen
- Café and retail

Attendance Summary*

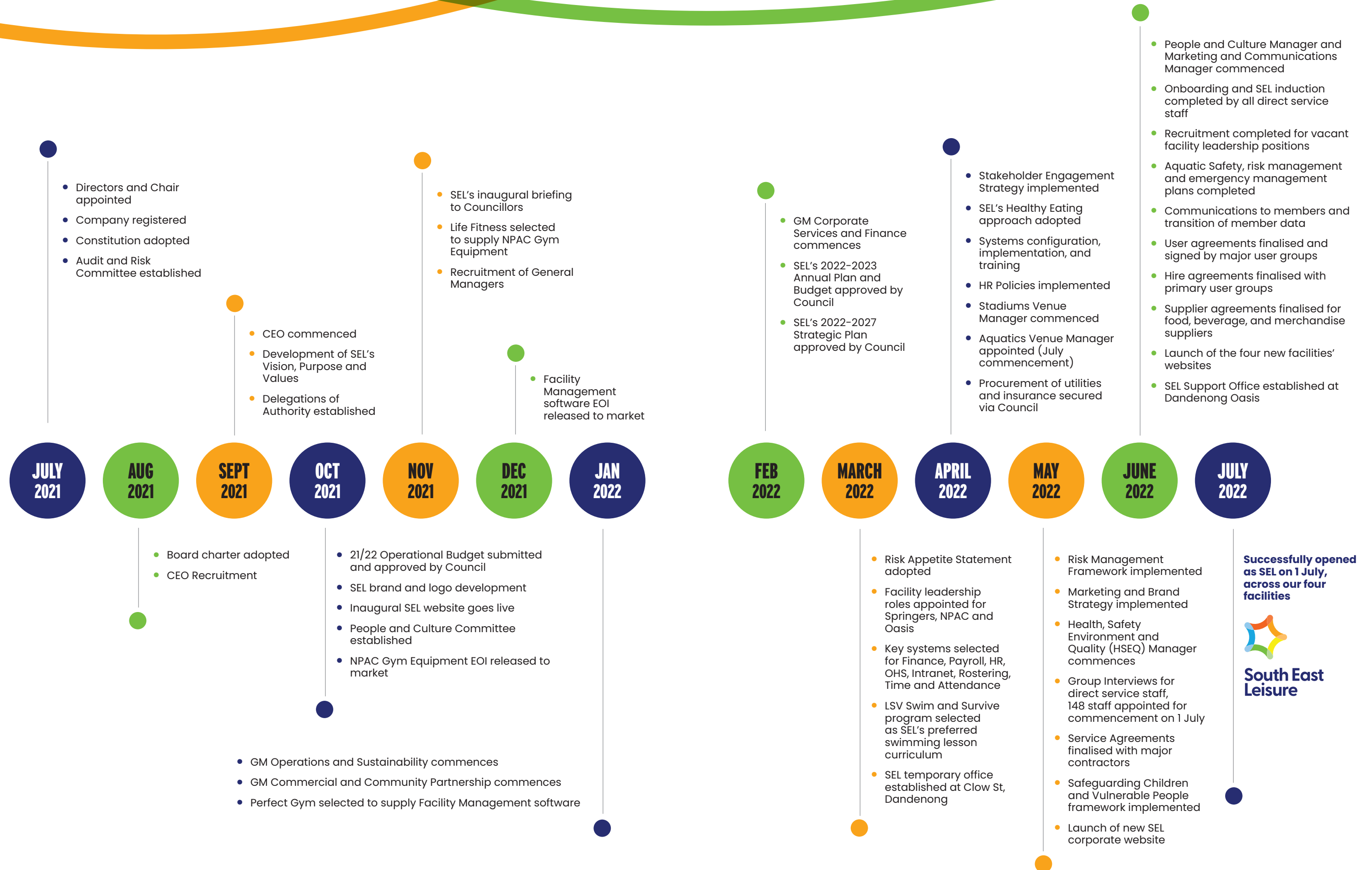


- Court Hire (236,624)
- Functions/Events (58,515)
- Program Spectators (56,609)
- Schools (51,926)
- Room Hire (48,542)
- Competition (25,966)
- Other (5,488)

+ Figure as of 1 July 2022
* Statistics provided by previous operators for FY19 to represent pre-COVID numbers



Our Year in Review



Our Community

Our community is one of the most culturally diverse and disadvantaged municipalities in Victoria, the main challenges the City of Greater Dandenong community faces include:

- High prevalence of diabetes
- High youth disengagement rate
- High unemployment rate
- High number of youth experiencing negative mental health impacts
- High percentage of developmentally vulnerable children

SEL is committed to playing our part in improving the health and wellbeing of our community by providing accessible leisure facilities.

This is reflected throughout our 2022–27 Strategic Plan actions. These strategies include:

- Conducting regular engagement with stakeholders to explore local health issues, identify barriers to using our centres and exploring programs and initiatives to increase the use of our centres by non-traditional users.
- Developing relationships with key community groups and members to better understand the barriers to use and identifying initiatives that can remove or reduce these barriers.
- Being involved with the community, in the community, through outreach activities with schools, local events and other community meeting places. SEL is dedicated to leading the way in providing and seeking our stakeholder's feedback, thoughts and ideas to inform our decision making.

In the establishment period SEL set the foundations for our community engagement efforts by establishing our Stakeholder Engagement Strategy.

This strategy will be used to direct our engagement with all stakeholders in the City of Greater Dandenong to ensure that we are providing programs and services that are representative of our community and targeting the main challenges the community faces.



Our People

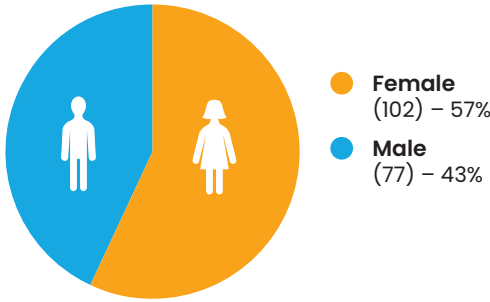
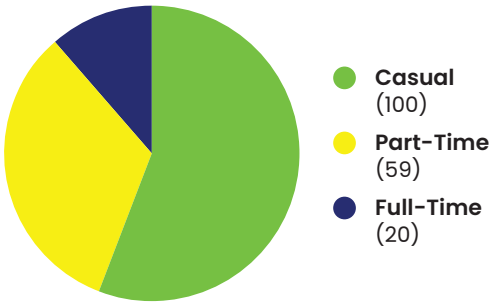


South East
Leisure

SEL has the strategic objective to be an employer of choice, with happy, engaged and committed employees. We have the ambition to be a diverse and inclusive workforce that is welcoming and representative of our community.

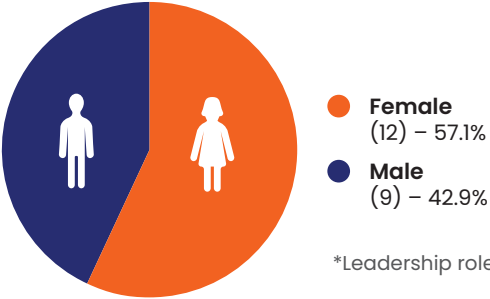
Employees

A total of
179
employees



People in Leadership Roles*

A total of
21



*Leadership roles refer to employees at a Team Leader level or above

Median Age

23

32

Australian Bureau of Statistics
– City of Greater Dandenong Average
is the median age of residents in Greater Dandenong



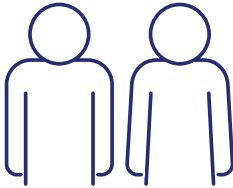
South East
Leisure

Youngest Employee

15

Oldest Employee

78



Employees aged Over 65 Years

5.0%

Australian Bureau of Statistics
– City of Greater Dandenong Average

11.60%

of the Greater Dandenong population is aged over 65 Years



Employee Country of birth – Australia



67%

Australian Bureau of Statistics
– City of Greater Dandenong Average

28%

of the Greater Dandenong population were born in Australia



Employees that speak only English



Australian Bureau of Statistics – City of Greater Dandenong Average



of the Greater Dandenong population speak only English



Most common languages spoken by employees other than English



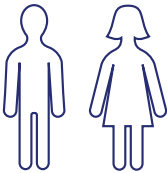
Mandarin was the most common with



The number of other languages spoken by staff at home



Employees that identify as living with a disability



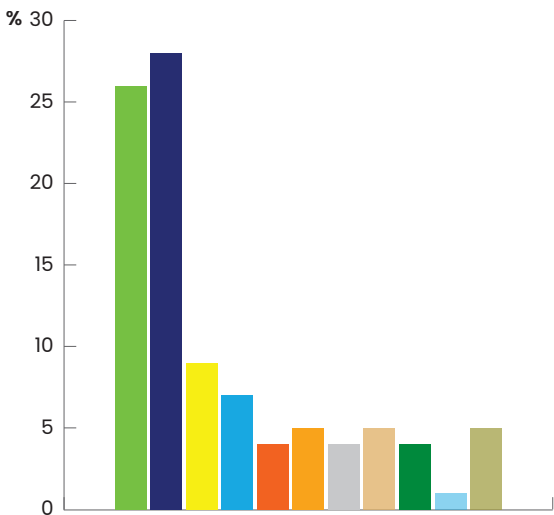
Australian Bureau of Statistics – City of Greater Dandenong Average



of the Greater Dandenong population identify as living with a disability



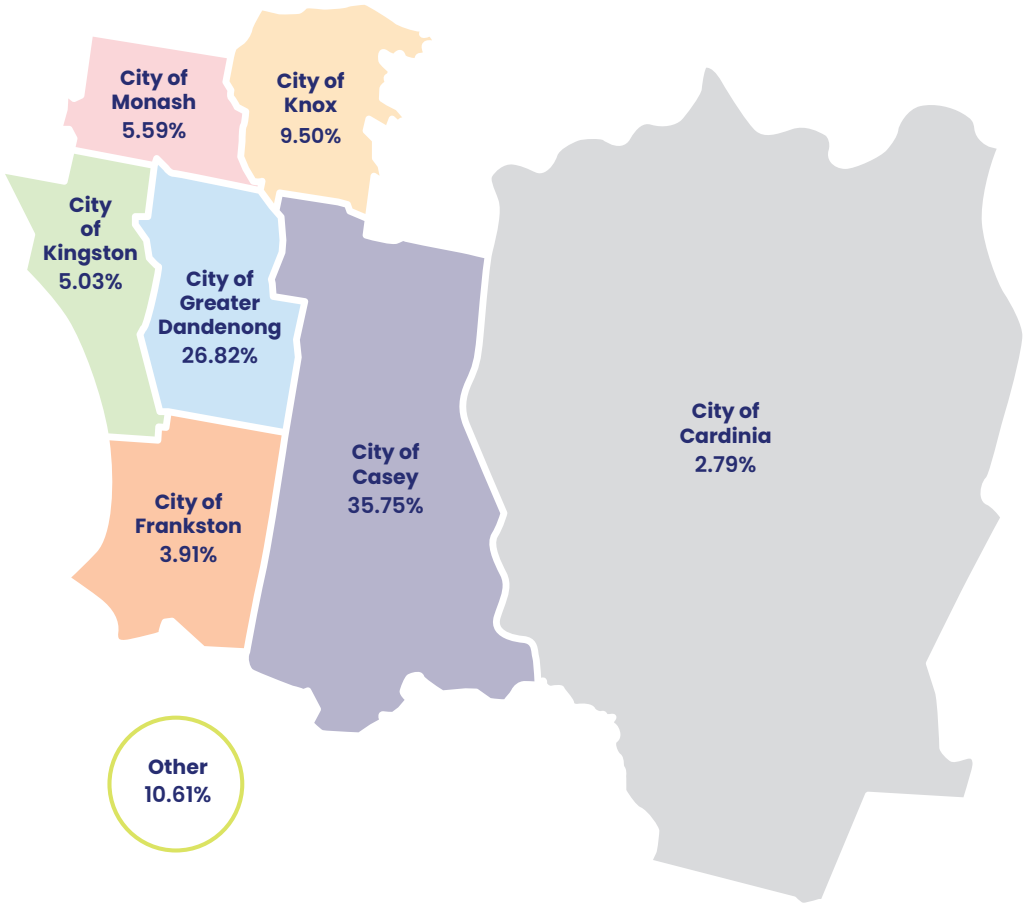
Age of staff and percentages



- 15-19 (47) (26%)
- 20-24 (50) (28%)
- 25-29 (17) (9%)
- 30-34 (13) (7%)
- 35-39 (8) (4%)
- 40-44 (9) (5%)
- 45-49 (7) (4%)
- 50-54 (9) (5%)
- 55-59 (8) (4%)
- 60-64 (2) (1%)
- 65+ (9) (5%)



Where our employees live





SOUTH EAST LEISURE PTY LTD
FINANCIAL REPORT • 2021 – 2022
for the Period Ended 30 June 2022



**South East
Leisure**

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The directors submit their report for the period Ended 30 June 2022

DIRECTORS

The following persons were directors of South East Leisure Pty Ltd, appointed from the date of the Company's registration and up to the date of this report:

Steven Wright	Independent, Non-Executive Chairman	From 22 July 2021
Michael Jaensch	Independent, Non-Executive Director	From 7 July 2021
Timothy Cockayne	Independent, Non-Executive Director	From 22 July 2021
Laura Buckley	Independent, Non-Executive Director	From 22 July 2021
Dr. Malak Sukkar	Independent, Non-Executive Director	From 22 July 2021

Interests in the shares of South East Leisure Pty Ltd

10 Ordinary shares @ \$1 (City of Greater Dandenong)

Principal Activities:

During the year the principal activities of South East Leisure were the establishment of operations for the management of Aquatic and Leisure facilities for the municipality of Greater Dandenong.

Results and Dividends:

There were no dividends declared by the Board during the year.

Review of Operations:

Financial: Summarised operating results are as follows:

Description	2022		Variance	
	Budget \$'000s	Actual \$'000s	Actual \$'000s	%
Management Fee	1,680	1,680	0	0%
Less operating expenses	(1,457)	(1,326)	131	9%
Income Statement Outcome	223	354	131	
Less capital expenditure	(208)	(211)	3	-2%
Less current assets	-	(37)	(37)	
Adjusted Net Cash Result*	15	106	91	

*current assets recognised on the balance sheet include stock on hand, prepayments and till floats.

The actual to budget variance is mostly driven by savings in wages and salaries as a result of recruiting facilities leadership staff from the existing facilities management companies who commenced on 1 July 2022, as compared to the budget which was based on an earlier commencement during the establishment phase.

Directors’ Benefits:

No director has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial report, by reason of a contract entered into by the Company with:

- a director,
- a firm of which the director is a member, or
- an entity in which a director has a substantial financial interest.

Indemnification and Insurance of Directors and Officers:

The company has indemnified, via a policy of insurance, all directors and officers for reasonable costs that may arise as a result of any liability incurred while performing the role of a director.

Significant changes in state of affairs:

The company was first registered on the 7 July 2021. During the 2021-22 financial year, the company underwent its establishment phase to commence operations as a leisure management company for the Aquatic and Leisure facilities in the Dandenong municipality from 1 July 2022.

Environmental Regulation:

The directors are of the opinion that the entity has complied with all relevant environmental legislation so far as it concerns the operation of the entity.

Meetings of Directors and Shareholder Representatives.

The number of meetings of the Company’s Board of Directors held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

Director’s name	Eligible to Attend	Attended
Steven Wright	12	12
Michael Jaensch	12	11
Timothy Cockayne	12	12
Laura Buckley	12	12
Dr. Malak Sukkar	12	12

Meetings of Directors: Audit and Risk Management Committee

The number of meetings of the Company’s Audit and Risk Management Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

Director’s name	Eligible to Attend	Attended
Laura Buckley	6	6
Steven Wright	6	6
Michael Jaensch	6	5

Meetings of Directors: People and Culture Committee

The number of meetings of the Company’s People and Culture Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

Director’s name	Eligible to Attend	Attended
Timothy Cockayne	5	5
Michael Jaensch	5	5
Dr. Malak Sukkar	5	4

This report is signed in accordance with the resolution of the directors.



Steven Wright
Chair and Director



Laura Buckley
Director

30 September 2022
Melbourne
SOUTH EAST LEISURE PTY LTD

The directors declare that the financial statements and notes set out on pages 36 to 53;

- (a) comply with Australian Accounting Standards and Interpretations, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to meet its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Steven Wright
Chair and Director



Laura Buckley
Director

30 September 2022
Melbourne
SOUTH EAST LEISURE PTY LTD

Independent Auditor's Report

To the Directors of South East Leisure Pty Ltd


Opinion	<p>I have audited the financial report of South East Leisure Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none">balance sheet as at 30 June 2022comprehensive income statement for the period then endedstatement of changes in equity for the period then endedstatement of cash flows for the period then endednotes to the financial statements, including significant accounting policiesdirectors' declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none">giving a true and fair view of the financial position of the company as at 30 June 2022 and its financial performance and cash flows for the period then endedcomplying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Directors of the company are responsible for the Other Information, which comprises the information in the company's annual report for the period ended 30 June 2022, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary 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.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
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Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
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Auditor's responsibilities for the audit of the financial report (continued)	<p>I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> <p>I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.</p>
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MELBOURNE
3 October 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

	NOTES	2022 \$'000
Revenue from Operations		
Management Services Fee	2	1,680
Total Revenue from Operations		1,680
Expenses from Operations		
Salaries and Employee Benefits Expenses	3	719
Governance Expenses	4	193
Consultants Expenses		90
Marketing Expenses		49
Information Technology Expenses	5	124
Minor Equipment Purchases		68
Depreciation and Amortisation Expenses	6	3
Administration Expenses		81
Total Expenses from Operations		1,326
Net surplus for the year		354
Other comprehensive income		-
Comprehensive result for the year		354

The Comprehensive Income Statement should be read in conjunction with the accompanying notes.

	NOTES	2022 \$'000
CURRENT ASSETS		
Cash and Cash Equivalents	13	1,673
Prepayments	7	14
Receivables	8	2
Inventories	9	19
TOTAL CURRENT ASSETS		1,708
NON-CURRENT ASSETS		
Plant and Equipment	10	10
Intangible Assets	11	15
Work-In-Progress	12	182
TOTAL NON-CURRENT ASSETS		208
TOTAL ASSETS		1,916
CURRENT LIABILITIES		
Payables	13	191
Accrued Expenses	14	139
Income in Advance	15	1,208
Employee Provisions	16	24
TOTAL CURRENT LIABILITIES		1,562
NON-CURRENT LIABILITIES		
Employee Provisions*		0
TOTAL NON-CURRENT LIABILITIES		0
TOTAL LIABILITIES		1,562
NET ASSETS		354
EQUITY		
Contributed Equity**	17	0
Retained Earnings		354
TOTAL EQUITY		354

* Non-current employee provisions are \$180. As the balance sheet is rounded to the nearest thousand, the employee provision shown appears as 0

** Contributed equity is \$10. As the balance sheet is rounded to the nearest thousand, the contributed equity shown appears as 0

The Balance Sheet should be read in conjunction with the accompanying notes.

	NOTES	2022 \$'000
Contributed Equity	17	10
Total Contributed Equity		10
Retained Earnings		\$'000
Opening Balance		-
Net result for the year		354
Total Retained Earnings at the end of the financial year		354
TOTAL EQUITY		354

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	NOTES	Inflows / (Outflows) 2022 \$'000
Cash Flows from Operating Activities		
Receipts from Council		2,887
Payments to employees		(351)
Payments to suppliers		(774)
Net GST payment		119
Net Cash Inflows from Operating Activities		1,881
Cash Flows from Investing Activities		
Acquisition of Plant & Equipment		(208)
Net Cash Outflows from Investing Activities		(208)
Net Increase in cash held		1,673
Cash and Cash Equivalents at the beginning of the financial year		-
Cash and Cash Equivalents at the end of the financial year		1,673

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

● NOTES TO FINANCIAL STATEMENTS

● NOTES TO FINANCIAL STATEMENTS

For the period ended 30 June 2022

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Introduction

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective South East Leisure Pty Ltd is an Australian Proprietary Company, limited by shares. The company was registered on 7 July 2021.

These financial statements cover transactions for the period 7 July 2021 to 30 June 2022. The company is a for-profit entity; as a fully owned subsidiary of Greater Dandenong City Council (Council), any profit made by the company would be declared as dividends to be paid back to Council.

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1 Significant Accounting Policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB')

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified.

(b) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

In accordance with SEL's policy, the threshold limits have applied when recognising assets within an applicable asset class.

Class of Assets	Limit at Which To Be Recognised
Plant & Equipment	\$2,000
Computers and Telecommunications	\$2,000
Intangible Assets	\$10,000

(c) Depreciation of non-current assets

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset’s useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Major depreciation/amortisation periods are:	Years
Plant & Equipment	3–5
Computers and Telecommunications	3
Intangible Assets (Website)	4

The assets’ residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised.

(d) Employee benefits

Short-term employee benefits

Provision is made for South East Leisure’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. South East Leisure’s obligations for short-term employee benefits such as wages, salaries, and annual leave are recognised as part of current employee provisions in the statement of financial position.

Other long-term employee benefits

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

All employees of South East Leisure receive defined contribution superannuation entitlements, for which South East Leisure pays the fixed superannuation guarantee contribution (currently 10.0% of the applicable employee’s ordinary earnings) to the employee’s superannuation fund of choice. All contributions in respect of employees’ defined contribution entitlements are recognised as an expense when they become payable. South East Leisure’s obligation with respect to employees’ defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated South East Leisure’s statement of financial position.

(e) Payables

Trade and other payables represent the liabilities for goods and services received by South East Leisure that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(f) Intangible assets

Intangible assets acquired are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in the profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash at bank.

(i) Revenue Recognition

Revenue was derived solely from the Management Services Fee paid to South East Leisure by the City of Greater Dandenong Council to support the entity’s establishment for the commencement of operations as the management company for Dandenong’s aquatic and leisure facilities from 1 July 2022.

To determine whether to recognise revenue, South East Leisure follows a 5-step process:

- (i) Identifying the contract, or otherwise, with a customer;
- (ii) Identifying the performance obligations
- (iii) Determining the transaction price
- (iv) Allocating the transaction price to the performance obligations
- (v) Recognising revenue when/as performance obligation(s) are satisfied

The management services fee for the 2021–22 financial year does not have sufficiently specific performance obligations attached, as such revenue is recognised when the entity obtains control of the fee. All revenue is stated net of the amount of goods and services tax.

(j) Impairment of Assets

At each reporting date, South East Leisure reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exist, the recoverable amount of the asset, being the higher of the asset’s fair value less cost to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed.

(k) Income Tax

The Company is exempt from income tax under section 50–25 of the *Income Tax Assessment Act 1997*.

(l) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the *effective interest* method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest* method.

The *effective interest* method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a South East Leisure of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s). Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 2 Revenue from Operations	2022 \$'000
Management Services Fee	1,680
Total Revenue	1,680

Management Services Fee revenue is paid to South East Leisure by the City of Greater Dandenong City Council for the management of its Aquatic and Leisure Facilities, including Dandenong Oasis, Dandenong Stadium, Noble Park Aquatic Centre and Springers Leisure Centre. For the 2021-22 financial year, South East Leisure was in its establishment phase, the management services fee funded the establishment of operations to enable South East Leisure to commence managing the facilities from 1 July 2022.

Note 3 Salaries and Employee Benefits

(a) Employee costs

Wages and Salaries	514
Superannuation	43
Workcover	11
Recruitment	86
Other Employee Cost	64
Total Salaries and Employee Benefits	719

(b) Superannuation

South East Leisure made contributions to the following funds:

Accumulation funds

Employer contributions – other funds	43
	43

Note 4 Governance Expenses	2022 \$'000
Director Fees	149
Company Secretary	44
Total Governance	193

Note 5 Information Technology Expenses

Lucidity (<i>Incident and Risk Management</i>)	14
Perfect Gym (<i>Facilities and Member Management</i>)	31
Roubler (<i>Human Resources & payroll</i>)	13
Sage Intacct (<i>Finance</i>)	35
IT Support Consultants	9
Other systems	23
Total Information Technology	124

These Information Technology systems were implemented as Software as a Service (SaaS) arrangements. As South East Leisure does not have control over intangible and/or physical assets, beyond the use of the cloud based system for the period of subscription, expenditure has been recognised at the time of implementation.

Note 6 Depreciation and Amortisation Expenses

Computers and Telecommunications	2
Intangible Assets	1
Total Depreciation and Amortisation	3

Note 7 Prepayments

Prepayments	14
Total Prepayments	14

Note 8 Receivables	2022 \$'000
Trade Receivables	2
Provision for doubtful debts	-
	<u>2</u>
	<u>2</u>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(a) Ageing of Receivables

The ageing of South East Leisure’s receivables was:

Current (not yet due)	2
	<u>2</u>
	<u>2</u>

Note 9 Inventories

Food and Beverage stock	13
Merchandise stock	6
	<u>19</u>
	<u>19</u>

Inventories are held for re-sale are measured at cost. These inventories were purchased in preparation for the management of the facilities commencing on 1 July 2022. No inventories were sold during the 2021-22 financial year.

Note 10 Plant and Equipment

Computers and Telecommunications

At Cost	12
Accumulated Depreciation	(2)
	<u>10</u>
	<u>10</u>

Reconciliation

Computers and Telecommunications

Carrying amount at 1 July 2021	-
Additions	12
Depreciation Expense	(2)
	<u>10</u>
Carrying Amount at 30 June 2022	<u>10</u>

Note 11 Intangible Assets	2022 \$'000
Intangible Assets – Website Development	
At Cost	16
Accumulated Amortisation	(1)
	<u>15</u>
	<u>15</u>

Reconciliation

Computers and Telecommunications

Carrying amount at 1 July 2021	-
Additions	16
Depreciation Expense	(1)
	<u>15</u>
Carrying Amount at 30 June 2022	<u>15</u>

Computers and Telecommunications are depreciated as an expense on a systematic basis over the asset’s useful life whilst Intangibles with finite lives are amortised as an expense on a systematic basis over the asset’s useful life.

Depreciation and amortisation expenses are calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation and amortisation method are reviewed at least annually, and adjustments made where appropriate.

Note 12 Work-in-Progress

Work-in-Progress

Carrying amount at 1 July 2021	-
Additions – Computer and Telecommunications	16
Additions – Office Fit-out	102
Additions – Website Development Costs	64
	<u>118</u>
Carrying Amount at 30 June 2022	<u>118</u>

The purchase method of accounting is used for acquisition of assets, being the fair vaue of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

The Work-in-Progress expenditure is for assets required for operations for the management of the facilities at 1 July. These assets were in place at 30 June, however as South East Leisure took management over the facilities on 1 July, the assets are not assessed as commissioned and ready for use until South East Leisure commences operations on 1 July.

● NOTES TO FINANCIAL STATEMENTS

For the period ended 30 June 2022

Note 13 Payables	2022 \$'000
Trade Payables	11
Goods & Services Tax	119
Employee Payables	61
Total Payables	191

Note 14 Accrued Expenses

Accrued Operating Expenditure	53
Accrued Salaries and Employee Benefits	86
Total Accruals	139

Note 15 Income in Advance

Income in Advance	1,208
Total Accruals	1,208

Income in advance represents contract liabilities and reflects consideration received in advance from the City of Greater Dandenong for the management of the Aquatic and Leisure facilities in the 2022–23 financial year, as this income has sufficiently specific performance obligations, income in advance is derecognised and recorded as revenue when the services are performed.

Note 16 Employee Provisions

Employee Benefits – Current

Annual Leave	24
Total Annual Leave	24

Employee Benefits – Non-Current

Long Service Leave*	0
Total Current and Non-Current	0

Long Service Leave is calculated based on the probability of leave being taken in the future, having regard to the period of service for each employee. As all South East Leisure employees commenced during the year, the probability that they will take long service leave in seven (7) year's time is assessed as 5 per cent. The Long Service Leave provision at 30 June was \$180. As these notes are rounded to the nearest thousand, the long service leave shown appears as 0.

Current Employee Benefits that:

Expect to be utilised within 12 months	24
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This note should be read in conjunction with Note 22.

● NOTES TO FINANCIAL STATEMENTS

For the period ended 30 June 2022

Note 17 Contributed Equity	2022 \$
Issued and paid up capital	\$
10 Ordinary shares of \$1 each fully paid	10

Note 18 Statement of Cash Flows \$'000

(a) Reconciliation of the net result to the net cash flows from operations

Net result for the year	354
Depreciation – Computers and Telecommunications	2
Amortisation – Intangible Assets	
<i>Changes in Assets and Liabilities</i>	1
Movement in Receivables & Accrued Income	(6)
Movement in Prepayments	(14)
Movements in Stock on Hand	(19)
Movement in Payables & Accruals	191
Movement in Employee Benefits	164
Movement in Income in Advance	1,208

Net Cash Flow from Operating Activities	1,881
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(b) Reconciliation of Cash and Cash Equivalents

Cash at Bank	1,669
Petty Cash/Till Floats	4
Closing Cash Balance	1,673

Note 19 Retained Earnings

Balance at the beginning of year	-
Net result for the year	354
Balance at end of year	354

Note 20 Expenditure Commitments

South East Leisure obtained agreements with current facilities suppliers to continue on a month-to-month basis to support the transition of operations from the existing facilities management to South East Leisure. At 30 June 2022, there were no existing expenditure commitments which South East Leisure is obliged to honour.

Note 21 Contingent Assets and Contingent Liabilities

(a) Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of South East Leisure.

There were no contingent assets that require disclosure in the financial report.

(b) Contingent Liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of South East Leisure; or – present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

There were no contingent liabilities that require disclosure in the financial report.

Note 22 Subsequent Events

South East Leisure is a leisure management company which established its operations during the 2021-22 reporting period to commence management on the 1 July 2022 of the City of Greater Dandenong Aquatic and Leisure facilities, including:

- Dandenong Oasis,
- Noble Park Aquatic Centre,
- Springers Leisure Centre, and
- Dandenong Stadium.

South East Leisure employed 10 staff as at 30 June 2022; on 1 July 2022, a further 165 staff commenced employment with South East Leisure, primarily these staff members were recruited from the existing facilities’ management companies.

South East Leisure determined that a transfer of business occurred under the *Fair Work Act 2009* (The Act) in relation to employees who used to perform work at these facilities and who were subsequently employed to perform the same role with South East Leisure.

In accordance with the Act’s business transition requirements, South East Leisure will recognise the employee’s service with the previous employer(s) for the purposes of the following entitlements:

- Personal/Carer’s leave;
- Parental leave;
- Long Service leave (LSL)

As part of the transfer of business, South East Leisure will not recognise the following service-related entitlements:

- Annual leave;
- Service for notice period of termination and redundancy; and
- Service periods for minimum employment for unfair dismissal rights

The estimated amount of the liability is still being determined.

Apart from the matters described above, there are no other matters which have occurred after balance date that require disclosure in the financial report.

Note 23 Related party disclosures

(i) Related Parties

Parent entity

City of Greater Dandenong

Subsidiaries and Associates

South East Leisure has no interests in subsidiaries or associates.

(ii) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of South East Leisure. Details of persons holding the position of Director and key management personnel, at any time during the year are:

		2022 No.
Directors		
Steven Wright	22 July 2021 to 30 June 2022	
Michael Jaensch	7 July 2021 to 30 June 2022	
Timothy Cockayne	22 July 2021 to 30 June 2022	
Laura Buckley	22 July 2021 to 30 June 2022	
Dr. Malak Sukkar	22 July 2021 to 30 June 2022	
Total Number of Directors		5
Chief Executive Officer		1
General Managers		3
Total Key Management Personnel		9

(iii) Remuneration of Key Management Personnel

	2022 \$’000
Total remuneration of key management personnel was as follows:	
Short-term benefits	494
Post employment benefits	56
Total	550

(iv) Senior Officer Remuneration

A Senior Officer is an officer of South East Leisure, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

South East Leisure did not employ any senior officers during the 2021-22 financial year.

(v) **Transactions with related parties**

During the period, the City of Greater Dandenong Council paid South East Leisure a Management Fee to support the entity’s establishment, for the commencement of operations as the management company for Dandenong’s aquatic and leisure facilities from 1 July 2022. (Refer Note 2.)

(vi) **Outstanding balances with related parties**

There were no outstanding balances at the end of the reporting period in relation to transactions with related parties

(vii) **Loans to/from related parties**

There are no outstanding loans to/from related parties

(viii) **Commitments to/from related parties**

There are no commitments in existence at balance date that have been made, guaranteed or secured by South East Leisure to a related party.

Note 24 Auditors Remuneration	2022 \$’000
Amounts received or due and receivable:	
Auditors of the company	9
– Victorian Auditor-General	9

Note 25 Financial Instruments

(a) **Terms, conditions, and accounting policies.**

The Company’s accounting policies, including the terms and conditions of each class of financial asset, financial liability, and equity instrument, both recognised and unrecognised, at balance date are:

(i)	Cash and Cash Equivalents	Includes Cash at Bank with A+ rated entities.
(ii)	Financial Assets Receivables	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.
(iii)	Payables	Debtors are on 28 day terms. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade liabilities are normally settled according to creditor’s terms.

(b) **Market risk**

Market risk is the risk that the fair value or future cash flows of South East Leisure financial instruments will fluctuate because of changes in market prices. The company’s exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest Rate Risk

The Company’s exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at the balance date are:

	Average Interest Rate (%)	Variable Interest Rate	Less than 1 year	1–5 Years	Non–interest Bearing	Total
2022		\$’000s	\$’000s	\$’000s	\$’000s	\$’000s
Financial Assets						
Cash and Cash Equivalents	–	–	–	–	1,673	1,673
Receivables	–	–	–	–	14	14
					1,687	1,687
Financial Liabilities						
Other Payables	–	–	–	–	191	191
Receivables	–	–	–	–	191	191

(c) **Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause South East Leisure to make a financial loss. South East Leisure did not have exposure to credit risk on any financial assets included in the balance sheet.

(d) **Liquidity risk**

Liquidity risk includes the risk that, as a result of South East Leisure’s operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

South East Leisure’s maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet, and is deemed insignificant based on current assessment of risk.

All financial liabilities are expected to be settled within normal terms of trade. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) **Sensitivity disclosure analysis**

Taking into account future expectations, economic forecasts, and management’s knowledge and experience of the financial markets, the company believes the following movements are ‘reasonably possible’ over the next 12 months:

- A parallel shift of + 2% and –0.5% in market interest rates (AUD) from year–end rates of 0.85%.

These movements will not have a material impact on the valuation of South East Leisure’s financial assets and liabilities, nor will they have a material impact on the results of South East Leisure’s operations.

Note 26 Change in Accounting Policy

There have been no changes to accounting policies in the 2021–22 year.

There are no pending accounting standards that are likely to have a material impact on South East Leisure financial report.

