



**WANGI DISTRICT WORKERS CLUB LIMITED  
(ACN 001 029 241)**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2018**

**WANGI DISTRICT WORKERS CLUB LIMITED  
PRESIDENTS REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

I would like to thank the 2018 Board members for the support given to me this year, as we have had some hard decisions to make to keep the club running smoothly in some trying times.

Thanks very much to Staff and Management for making our club a friendly and inviting place to visit.

As you may see Wangi Shores Project is moving along, even slowly as sales dictate the rate of building.

The new projects we had in planning last year are currently underway being The Market St Café, which we hope to be completed soon.

It is great to see some new faces in the club, so we must be doing something right.

Thanks to the members and visitors for their kind donations to The Farmers Fund as I know it will be well appreciated.

So to finish up, Thanks Board, Management, Staff and Members for your support in 2018.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Rod Boyson', with a stylized flourish at the end.

Rod Boyson.

## **WANGI DISTRICT WORKERS' CLUB LTD.**

### **TREASURER'S REPORT** **FOR THE YEAR ENDED 30 JUNE 2018**

Wangi Workers' Club operation has three principal components, which are reviewed in this Report independently, as follows:

- Core recreational and leisure operations of the Club.
- Summerhill Park Residential Village.
- Wangi Shores Retirement Village.

The aggregation of these operations into a consolidated financial result is then presented.

#### **Club Operations**

In preceding years, this Report has highlighted dramatic changes over the last 10 years experienced by the Club industry, in particular the Global Financial crisis of the first decade, the limitations associated with smoking throughout the community, the disturbed global environment with threats of terrorism and racial unrest widespread, and general economic 'tightening' within Australian industry and commerce. The last couple of years have seen a more stable financial framework – but at a significantly reduced level of member and community engagement.

The population in general is seeking more from "their Club" than the traditional bar and gambling facilities. Clubs are exploring more diverse services for their members. Wangi Workers has been mindful of this trend, and has endeavoured to make the Club more appealing to a broader cross-section of the membership. This transient environment has impacted Wangi Workers Club operations, and is reflected in the Club's core business performance.

Club Operations recorded a profit for the year of \$102,144 compared to a \$5,918 loss (2017) and \$51,805 profit (2016). This was well ahead of the budgeted profit of \$3,735. This result is after provision for Depreciation of \$439,120 (comparable to that recorded in 2017).

Bar net profit of \$396,396 decreased by \$33,619 reversing last year's increase. Bar sales continued to decline marginally (\$7,580) and this revenue item at \$1,203,087 was well below an 'optimistic' budget figure by \$73,277. Price adjustments were applied routinely to reflect brewery and delivery increases – this policy will undoubtedly continue! The Board is adjusting its Bar trading expectations in recognition of the downward trend in patronage.

Poker machine net profit of \$1,396,965 increased by \$94,004, which exceeded the 2016 peak. Poker machine revenue of \$1,959,570 increased by almost 7% year-on-year, and duty tax increased proportionately. Other expenses were comparable to the previous year. This result reflects the continuing policy of maintaining a 'modern' poker machine platform, with regular introduction of new machines and / or conversion to new formats. The increase in poker machine performance accounts almost totally for the improved profitability of the Club.

Net profit from Keno /TAB operations of \$88,926 showed a healthy boost of \$37,606 over 2017, The last two years increases have restored the ground lost in 2015, and reversed the progressive decline of the preceding four years. Again, introduction of the latest technology has been a factor in this result.

Summation of the above trading results, with an aggregated trading profit of \$1,882,287, showed an increase of \$97,991 relative to 2017 trading profit of \$1,784,296, and exceeded budget by \$15,413. This improved financial performance reflects Board and Management scrutiny in effectively controlling costs, and minimising expenses while still maintaining the level of service and facilities expected by members.

Income from other sources (commissions, membership subscriptions, courtesy car, raffles) was marginally less than 2017 levels by a total of \$11,993. Profit on the sale of assets previously written down was \$51,873, leading to a total income figure of \$2,217,917 (budget \$2,144,340).

Notwithstanding the challenges encountered in achieving this result, the Board welcomed the performance that allowed its budgetary target to be exceeded.

The Board and Management continued to monitor and control discretionary spending, while recognising that general amenities, services and standards should be sustainable long term.

Members amenities costs of \$577,907 showed a similar increase to the \$559,196 recorded last year – a steady trend over the last few years - primarily due to increased member promotions and courtesy car costs. This result was below budget by \$18,379.

Clubhouse expenses of \$422,695 decreased by \$18,995 on 2017's figure, due primarily to decreased depreciation. This was again below budget by \$24,727.

Administration expenses at \$1,115,172 were \$12,260 more than the previous year. Increases in insurance and wages and related costs, were offset by savings in other areas including electricity and gas, computer maintenance, motor vehicle costs and printing and stationery.

Pursuant to stated aims over the past couple of years, the Board is in the process of diversifying the range of facilities and services offered to Members by construction of a Deck along the waterfront boundaries of 5-to-9 Market Street, and conversion of the former dwelling on 5 Market Street to the Market Street Cafe. This development is aimed at attracting a different market segment to that currently using Club facilities, as well as allowing for al-fresco dining, and an outdoor 'lounge'. By the time Members receive this Report at the Annual General Meeting, this project is expected to be at an advanced stage of completion, and operational well ahead of the summer and Christmas period. This facility will be reported as a separate business entity in future Financial Reports.

### Summerhill Park

Summerhill Park financial performance continued the trend of the last 4 or 5 years, of increasing profitability. As reported last year, this result reflects streamlined Park management and progressive adjustment of concessional rents to reflect market rates. The final instalment of the construction loan was paid during the year – Summerhill Park is now unencumbered.

Summerhill Park operations recorded a profit of \$227,517 – an increase of \$4,430 on last year's \$223,087. This result is after provision for depreciation of \$176,045. Rental income of \$598,332 increased by \$7,876 as market-rental-rates regime took effect as tenancies 'turned over'.

Bank charges and Interest diminished in line with the loan reduction - \$1,788 this year down from \$18,799. Repairs and maintenance costs of \$72,480 increased significantly by \$20,862 on the previous year. This was consistent with budget expectations, as the village ages – now 14 years since initial occupation. Several units were refurbished as and when vacancies occurred.

Park occupancy continued effectively at 100% throughout the year, with an 'active' list of potential residents as an enabling factor. Other operating expenses showed only minor variations, consistent with normal year-on-year fluctuations.

### Wangi Shores

Retirement Village financial reporting is generally presented in two distinct components – Operational Finances . . . . and Owner Finances. In the case of Wangi Shores, the Operator and Owner are the same – Wangi District Workers' Club. The Financial Report is structured to show these separate elements.

Operational parameters involve income from Residents in the form of Recurrent Charges (a weekly or monthly fee), and this is applied to the expenses necessary to sustain the village on a day-to-day basis – insurances, rates, wages, routine maintenance, administration expenses, water and energy costs for general services, village transport . . . . and so on.

Owners financial parameters include Deferred Management Fees payable by Residents on exit, in our case Land Tax that applies to the undeveloped portion of the site, legal costs in securing new / replacement Residents, depreciation . . . and the like.

Wangi Shores Operations (funded via Recurrent Charges) recorded a loss of \$129,221 versus a loss last year of \$43,098 – and slightly higher than the budgeted loss of \$104,404. During the year, Residential Block H (9 Units) and the Clubhouse were completed. Their occupation brought the number of completed Units from 32 to 41. The loss arises largely due to Recurrent Charges accruing from only these completed residential units, whereas many expense items are geared to the completed Village that will comprise 90 residential Units. Repairs and maintenance expense at \$130,760 was significantly higher than expected – reflecting the fact that Stage 1 facilities are now more than 10 years old, and need attention to maintain the Village standard.

The Owner (Non-Recurrent) elements of Wangi Shores finances resulted in a loss of \$396,452 – up on the \$229,352 in 2017. This is after provision for Depreciation of \$417,589 (\$285,487 in 2017), and Deferred Management Fees of \$277,148 brought to account, but not payable until the respective premises are vacated by the existing residents. Departure Fees realised as a result of the ‘sale’ of Villas during the year amount to \$174,720.

Sharp escalation in Depreciation occurred with completion of Block H and the Clubhouse (Community Centre) – with this component being unbudgeted. As the remaining Stages of the Village are completed, the Depreciation impost on the financial result will continue to increase.

Expenses included Land Tax of \$10,719 in respect of the undeveloped portion of the Village Site – this will not apply to the completed Village, which is exempt of Land Tax. There were also Legal Costs primarily associated with Stage 2 development of \$48,677, and Finance Charges (explained below) of \$363,500 (versus \$150,000 in 2017)..

The accounting arrangements for Wangi Shores need to comply with requirements of both Registered Clubs and Retirement Village legislation, and the Australian Accounting Standards.

With the Clubhouse completed in October 2017, the concessional reduction in Deferred Management Fees (accruing at an annual rate of 2% in lieu of 4%), enjoyed by Stage 1 Residents, was discontinued. Deferred Management Fees on all Units now accrue at the rate of 4% per annum (for a maximum of 7 years).

Since last reporting, Stage 3 (a) comprising eight (8) additional Residential Units has been completed, with two Units occupied. Sales of the remaining Units have not met expectations, resulting in a temporary hold on further construction.

### Overall Performance

Aggregation of the results from the above three ‘business units’ gives the following Table.

<b>Business Unit</b>	<b>2017-18 Result</b>	<b>2017-18 Budget</b>
Club core business	\$102,144	\$3,735
Summerhill Park	\$227,517	\$199,630
Wangi Shores	(\$525,672)	(\$155,803)
<b>Totals</b>	<b>(\$196,011)</b>	<b>\$47,562</b>

Loss figures are (.....) bracketed.

i.e. the Club’s commercial trading activities resulted in a deficit of \$196,011 for the year, against a budgeted surplus of \$47,562 and a loss last year of \$55,281. This is after provision for depreciation totalling \$1,032,754 (\$908,278 in 2016-17), and includes Deferred Management Income of \$277,148 earned, but not payable until Residents’ departure from Wangi Shores.

### Wangi Shores Accounting Adjustments

As outlined in previous years, Wangi Shores Residents “buy” their entitlement to a Unit via a long-term loan to the Club, with these loans registered on Title. These loans are repayable to the Resident on exit (less accumulated Deferred Management Fees).

These loans appear on the Club’s Balance Sheet as a Current Liability which in 2017 amounted to \$19,813,270. During the 2017-18 financial year, this figure increased by \$1,381,500 to \$21,194,770. Portion of this increased liability is attributable to “sale” of two Stage 3 (a) Units, with the corresponding value applied to the Club’s Assets – so impact-neutral financially. Also during the year three Stage 1 Units were ‘sold’ – with significant capital gains (retained by the outgoing Residents). But the loan paid to the Club by the incoming Residents increased in each case by the value of the capital gain – hence the Club’s Current Liabilities increased by the aggregate of these capital gains - \$363,500.

This increased Current Liability in the Balance Sheet can only be reconciled by applying a charge / expense to the Profit and Loss figures of \$363,500.

This is shown as a ‘special item’ within Wangi Shores Accounts as –  
Finance Expense (\$363,500)

This unbudgeted item is included in the ‘bottom line’ summary in the above Table, and more than accounts for the large departure from budget.

As previously noted, if capital loss occurs on a Unit transaction then the Club’s Current Liabilities also reduce, and this capital loss appears as “income” in the Profit and Loss statement! This scenario arises from the method applied to value the Retirement Village on the Club’s books. Other options have been examined – but the Board is prepared to accept this seeming distortion – at least pending completion of the Village and stabilisation of Wangi Shores finances.

Balance Sheet

During the year, the Club’s Current Assets increased to \$854,893 from \$813,887 last year. Cash (or equivalent)-On-Hand was \$466,452 at year-end relative to \$449,302 last year – a liquidity level which the Board aims to maintain for unlikely potential buy-back of Wangi Shores units.

The loan of \$390,000 which the Club took out to purchase the Club car-park from Lake Macquarie City Council was paid down to \$195,000 during the year.

The Liability side of the Statement Of Financial Position is heavily distorted by classification of Wangi Shores Residents’ ‘Sales’ Loans (to be refunded when residents vacate the Village) as “Current Liabilities” – representing \$24,318,770 (97.4%) of the Club’s Current Liabilities.

Putting aside this ‘distortion’, the Club’s ratio of Current Assets (\$854,893) to Current Liabilities (\$860,608) is 0.99 : 1 – up from 0.86 : 1 in 2016-17, and lower in preceding years.

R. J. (Bob) Porter



Hon. Treasurer  
September 2018

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**WANGI DISTRICT WORKERS CLUB LIMITED**  
**CEO REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

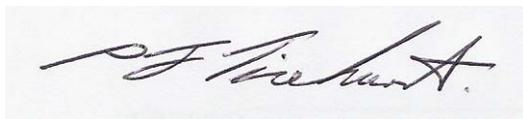
The environment remains challenging and growth in core business has been hard to find, however the board and management are committed to continue the path to sustainability and relevance well into the future.

Over time Wangi Workers has become a business consisting of many moving parts all combining to provide facilities and hospitality to our members. Your club has grown from one venue to a multifaceted business with a strong balance sheet consisting not only core assets but a strong mix of diversified assets that underpin the viability of the club and enable us to grow and remain relevant to meet the expectations of our members and the wider west lakes community.

The following 12 months will see your club continue with the strategy to reduce our reliance of gaming by diversifying our business with the completion of the alfresco dining – Market St Café. Prior to committing to the building costs for the Café project borrowings for Summerhill Park mobile park Village were retired and the clubs cash flow optimised.

As in any successful business the biggest asset is our staff, I would like to take this opportunity to thank them for their efforts over the past 12 months. I would also like to thank the Board of Directors for their support, commitment and enthusiasm throughout the year. I appreciate the significant time and energy put in by all Directors in performing their duties and representing the interests of the Members so well.

To you our members thank you for your continued loyalty and support and we look forward to bringing you greater benefits in service and facilities in the year ahead. I look forward to seeing you at the Club.



Phillip Ticehurst  
**Chief Executive Officer**  
**Wangi District Workers Club**

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018****CONTENTS**

Directors' Report	2-3
Auditor's Independence Declaration	4
Audit Report to Members	5-6
Directors' Declaration	7
Statement of Financial Position	8
Statement of Profit or Loss	9
Statement of Comprehensive Income	10
Statement of Cashflows	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13-23
Summary Profit & Loss Statement	24

The financial report was authorised for issue by the Directors on 27 September 2018. The Company has the power to amend and re-issue the financial report.

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****DIRECTORS' REPORT**

Your Directors present their report for the financial year ended 30 June 2018.

**1. Directors**

The names of the Directors in office as at the date of this report are:

<b>Name</b>	<b>Position</b>	<b>Special Responsibilities</b>	<b>Experience and Qualifications</b>	<b>Years Service as a Director</b>
Rod Boyson	President	Building Committee, Catering Committee	37 years as Mining Deputy	10
Robert Smiles	Vice President	Catering Committee	Internal auditor for Qantas for 25 years as well as other divisional and administrative management roles.	5
Robert Porter	Treasurer	Building Committee, Catering Committee	42 years as an engineering manager for Pacific Power. Qualifications obtained include Bachelor of Science- Sydney University 1964, Bachelor of Engineering (Mechanical) - Sydney University 1966. Has served on a number of other Directorships as follows: Mingara Recreation Club - 7 years, Lakes Credit Union Ltd - 20 years (5 as Chairman), Rathmines Hall Operating Committee, Ener-Port Consulting Pty Ltd, Catalina Players Incorporated.	31
Norman Anderson	Director		Qualified Electrician - worked in many industries including mining. Also spent some years as an insurance sales representative.	12
Michael Mason	Director		50 years experience as Construction Manager, mainly in water and sewerage infrastructure.	7
Ian Towe	Director		Self employed handyman and gardener	7 - Elected at AGM

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**2. Activities**

The principal activities of the Company in the course of the financial year ended 30 June 2018 were the running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution.

There have been no significant changes in the activities conducted by the Company in the year under review.

**3. Objectives of the Company**

The Company's short and long term objectives are to;

To contribute to our community by providing our members and guests with the highest possible standard of service and products for their recreation, entertainment and social activities.

To achieve these objectives the Company has adopted the following strategies;

Maintain or increase existing revenue levels and control costs to remain profitable which will allow the Company's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the Club industry.

**4. Results**

The net result of operations after applicable income tax was a profit of \$167,488 (2017: \$94,716). After recognising other comprehensive expenses incurred, this showed a loss of \$196,012 (2017 loss \$55,284).

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**DIRECTORS' REPORT (CONT.)**

**5. Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2018 has been received and set out on page 4 of the financial report.

DFK Crosbie continues to hold office in accordance with Section 307 of the Corporations Act. The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Company is important.

**6. Limited by Guarantee**

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$6 each towards meeting any obligations of the Company. At 30 June 2018 the collective liability of members was \$27,414 (2017: \$35,460).

**7. Meeting Attendances**

The number of Board meetings held during the financial year ended 30 June 2018 was 12, all being normal monthly Board meetings. The details of each Director's attendances at those meetings is given below:

<u>Director</u>	<u>Ordinary</u>	<u>Held Whilst in Office</u>
Rod Boyson	10	12
Robert Smiles	12	12
Robert Porter	9	12
Norman Anderson	10	12
Michael Mason	11	12
Ian Towe (Elected at AGM)	7	9
John Murray (Resigned 21 December 2017)	3	6
Lynne Fletcher (Not re-elected at AGM)	3	3

The Annual General Meeting was held on 22 October 2018.

**8. Property Report**

The Directors have classified Company property defined in s41J of the Registered Company's Act 1976 as follows:

<b>Core Property</b>	Land and Buildings upon which the Company and waterfront carpark is situated, being 7-19 Market Street, Wangi Wangi, together with the car park located at 2 David Street, Wangi Wangi.
<b>Non-Core Property</b>	This comprises: <ul style="list-style-type: none"> <li>- Properties located at 3 and 5 Market Street, Wangi Wangi</li> <li>- Summerhill Mobile Park located at 4 Summerhill Drive, Wangi Wangi</li> <li>- Wangi Shores Retirement Village located at 11A Dobell Drive, Wangi Wangi</li> </ul>

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



Rod Boyson - President



Robert Porter - Treasurer

**Dated: 27 September 2018**



**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF**  
**WANGI DISTRICT WORKERS CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

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

A handwritten signature in black ink, appearing to read 'Shaun Mahony', with a stylized flourish at the end.

Shaun Mahony - Partner

A handwritten signature in black ink that reads 'DFK Crosbie Partners'.

DFK Crosbie Partners  
Chartered Accountants

**Dated: 27 September 2018**  
**Warabrook, NSW**



**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**INDEPENDENT AUDIT REPORT TO MEMBERS**

To the Members of Wangi District Workers Club Limited

**Report on the Financial Report**

**Opinion**

We have audited the financial report of Wangi District Workers Club Limited (the Company) which comprises the Statement of Financial Position as at 30 June 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the accompanying financial report of Wangi District Workers Club Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year then ended;
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

**Basis of Opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Treasurer's Report, Presidents Report, CEO Report and Summary Profit and Loss Statement.

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. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Liability limited by a scheme approved under the Professional Standards Legislation



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**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**INDEPENDENT AUDIT REPORT TO MEMBERS**

**Matters relating to the electronic presentation of the audited financial report**

The auditor's report relates to the financial report of the Company for the year ended 30 June 2018 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

**Dated: 27 September 2018**  
**Warabrook, NSW**

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**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 23 are in accordance with the Corporations Act 2001 and:
  - (a) give a true and fair view of the financial position as at 30 June 2018 and of its performance for the year ended on that date for the Company; and
  - (b) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.
- 2 At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for and on behalf of the Board of Directors by:



Rod Boyson - President



Robert Porter - Treasurer

**Dated: 27 September 2018**

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	8	466,452	449,302
Trade and Other Receivables	9	231,978	215,067
Inventories	10	44,248	51,489
Other Assets	11	112,215	98,029
<b>TOTAL CURRENT ASSETS</b>		<b>854,893</b>	<b>813,887</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	12	4,952,808	5,002,889
Trade and Other Receivables	9	1,563,904	1,321,449
Investment Properties	13	26,334,286	22,587,933
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32,850,998</b>	<b>28,912,271</b>
<b>TOTAL ASSETS</b>		<b>33,705,891</b>	<b>29,726,158</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	14	3,446,713	244,968
Financial Liabilities	15	21,532,484	20,568,428
Provisions	16	175,833	181,719
Other Liabilities	17	24,348	25,792
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,179,378</b>	<b>21,020,907</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities	15	58,909	46,008
Provisions	16	15,399	11,026
Other Liabilities	17	14,285	14,285
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>88,593</b>	<b>71,319</b>
<b>TOTAL LIABILITIES</b>		<b>25,267,971</b>	<b>21,092,226</b>
<b>NET ASSETS</b>		<b>8,437,920</b>	<b>8,633,932</b>
<b>MEMBERS' FUNDS</b>			
General Reserve	18	242,511	242,511
Accumulated Profit		8,195,409	8,391,421
<b>TOTAL MEMBERS' FUNDS</b>		<b>8,437,920</b>	<b>8,633,932</b>

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Bar Sales		1,203,087	1,210,667
Poker Machine Net Revenue		1,959,570	1,834,318
Paper Gaming		141,465	102,550
Interest Received		184	407
Summerhill Park Income		598,332	590,456
Wangi Shores Retirement Village Income		752,460	462,309
Other Income		335,446	313,175
<b>Total Trading and Other Income</b>	<b>5</b>	<u>4,990,544</u>	<u>4,513,882</u>
<b>Expenses</b>			
Bar Cost of Goods Sold		480,255	460,393
Bar Direct Expenses		326,436	320,259
Poker Machine Direct Expenses		552,896	525,982
Paper Gaming Direct Expenses		52,539	51,230
Summerhill Park Direct Expenses		369,593	357,844
Wangi Shores Retirement Village Expenses		914,633	584,759
Borrowing Expenses		41,034	48,332
Members Amenities		577,906	559,196
Clubhouse Expenses		422,695	441,690
Administration Expenses		1,085,069	1,069,481
<b>Total Expenses</b>		<u>4,823,056</u>	<u>4,419,166</u>
<b>Net Profit/(Loss) Before Income Tax</b>	<b>6</b>	167,488	94,716
Income Tax (Expense)/Credit	<b>7</b>	-	-
<b>Net Profit/(Loss) After Income Tax</b>		<u>167,488</u>	<u>94,716</u>

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

Note	2018 \$	2017 \$
<b>Net Profit/(Loss) After Income Tax</b>	<u>167,488</u>	<u>94,716</u>
<b>Other Comprehensive Income / (Expense)</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Finance Income/(Expense) on change in loans payable to Village Residents	<u>(363,500)</u>	<u>(150,000)</u>
<b>Total Other Comprehensive Income</b>	<u>(363,500)</u>	<u>(150,000)</u>
<b>Total Comprehensive Income / (Loss)</b>	<u>(196,012)</u>	<u>(55,284)</u>

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from Members and Guests	5,012,479	4,660,561
Payments to Suppliers and Employees	(4,005,470)	(3,908,429)
Interest Received	184	407
Interest Paid	(41,034)	(48,332)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	966,159	704,207
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Assets	79,030	27,280
Payments for Property, Plant and Equipment	(425,509)	(199,861)
Payments for Investment Properties	(197,987)	(244,404)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	(544,466)	(416,985)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Borrowings	231,635	183,945
Repayment of Borrowings	(636,178)	(626,246)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	(404,543)	(442,301)
<b>Net Increase/(Decrease) in Cash Held</b>	17,150	(155,079)
<b>Cash and Cash Equivalents at the beginning of the Financial Year</b>	449,302	604,381
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	466,452	449,302

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Reserves	Accumulated Profits	Total
	\$	\$	\$
<b>Opening Balances 1 July 2016</b>	242,511	8,446,705	8,689,216
Profit / (loss) after income tax	-	94,716	94,716
Comprehensive Income / (Expense)	-	(150,000)	(150,000)
<b>Closing Balances 30 June 2017</b>	<b>242,511</b>	<b>8,391,421</b>	<b>8,633,932</b>
Profit / (loss) after income tax	-	167,488	167,488
Comprehensive Income / (Expense)	-	(363,500)	(363,500)
<b>Closing Balances 30 June 2018</b>	<b>242,511</b>	<b>8,195,409</b>	<b>8,437,920</b>

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1 Statement of Significant Accounting Policies**

**Basis of Preparation**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Wangi District Workers Club is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

**Statement of Compliance**

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB), being AASB1053 Application of Tiers of Australian Accounting Standards and AASB2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Income Tax**

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss.

**Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Inventories**

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

**Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings & Improvements	20 to 40 years	Poker Machines	4 years
Plant & Equipment	2 to 20 years		

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

**Borrowing Costs**

Borrowing Costs are recognised as an expense when incurred.

**Investment Properties**

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, to the extent that the investment properties are depreciable, they are depreciated over the estimated useful life to the Company being 40 to 50 years. The carrying value of the investment property in these financial statements is cost less any accumulated depreciation and less any accumulated impairment losses.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of profit and loss in that year.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Impairment of Investments**

At each reporting date, it is considered whether any of the investments are impaired. Indicators of impairment include where any decline in fair value is not expected to be recovered. At this time, all revaluation losses are recognised in the statement of profit and loss. Any impairment losses on investments held at cost are recognised in the statement of profit and loss.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

The recoverable amount of investments is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit and loss as a separate line item.

**Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Recurrent charge income is recognised as it accrues.

Interest income is recognised as it accrues.

The profit or loss on disposal of asset is brought to account at the date an unconditional contract is signed.

Rental Income is recognised as it accrues.

Other revenue is recognised as it accrues.

**Employee Benefits**

***Short Term***

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

***Other Long Term***

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

### **Trade and Other Payables**

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

### **Financial Instruments Recognition and Derecognition**

Financial assets and liabilities are recognised on trade date - the date on which the company commits to purchase or sell the financial assets or financial liabilities. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### **Deferred Management Fees Receivable and Realised Departure Fees**

Deferred management fees are calculated in accordance with the Company's policy on the recognition and derecognition of financial instruments noted above. Deferred management fees are not settled in cash until such time as the resident of Wangi Shores Retirement Village departs. At this time the Company records a realised departure fee in the statement of profit or loss. Accordingly a deferred management fee receivable is recognised on the statement of financial position which represents the net present value of all deferred management fees owed to the Company by residents at balance date. Refer to Note 9 for detailed assumptions made in calculating this balance.

### **Trade and Other Receivables**

All receivables are categorised under the requirements of AASB 139: Financial Instruments - Recognition and Measurement and are recognised initially at fair value and subsequently at amortised cost. All trade and other receivables are current, with the exception of deferred management fees (DMF), for which a current portion is recognised based on historical data of village resident turnover and the balance shown as non-current. Furthermore, the DMF receivable is the amount discounted back to present value. Trade receivables are generally due within 30 days from the date of recognition.

An allowance for doubtful debts is based on a review of outstanding balances at reporting date and is accounted for in a separate account. Indicators of impairment include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (more than 60 days overdue). Bad debts which have previously been provided for are eliminated against the allowance for doubtful debts. In all cases bad debts have been written off as an expense directly in the statement of profit or loss.

### **Resident Loans**

Resident loan liabilities represent the total amount payable to current residents on the termination of the resident's occupation rights to an independent living unit in the Wangi Shores Retirement Village. The liability is determined as the loan funds advanced by the resident and does not take into account any change in the market value of the resident's living unit during the period of their occupation. Where a resident vacates the living unit during the financial year the residents loan is adjusted to reflect the most recent sale price of each living unit, with a corresponding entry to finance income / (expense) in the statement of comprehensive income.

Notwithstanding the expected term of an occupancy is several years, the resident has the option to cancel the residency agreement at any time. As this option constitutes a demand feature, the liability is not discounted (based on the expected date of settlement) and is recognised as a current liability in the statement of financial position. Deferred Management Fee receivables are not offset against resident loans in the statement of financial position. Resident loans are non-interest bearing.

### **Financial Guarantee Contracts**

These contracts are recognised as a financial liability at the time the guarantee is issued. The liability is measured initially at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**2 Deficiency in Working Capital**

Notwithstanding the deficiency in working capital of \$24,324,485, the financial report has been prepared on a going concern basis. The going concern basis assumes the continuity of normal business operations, that is, the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors are of the opinion that the deficiency in working capital is the result of the current classification of resident loans totalling \$21,194,770 in relation to the Retirement Village (refer below), as well as the current classification of other payables of \$3,124,000. In their opinion this does not affect the Company's ability to continue to pay its debts as and when they fall due.

In relation to the resident loans, the expected cash outflows resulting from the settlement of a liability to a departing resident simultaneously results in expected cash inflows of similar value from a new incoming resident. Other Payables are also expected to be settled from a simultaneous cash inflow upon sale of the remaining Villas. The Company also has access to an unused Business Line of Credit Facility of \$500,000 from the CBA.

Furthermore the Company has generated \$966,159 cash from operating activities, has met all applicable loan covenants during the year and made repayments of finance obligations of \$636,178. This cash generated along with existing reserves was also used to purchase property, plant and equipment of \$425,509 and Investment property additions of \$197,987.

**3 Other Information**

The Company, being incorporated in New South Wales, Australia under the Corporations Act 2001 has its registered office address and principal place of business at 11-19 Market Street, Wangi Wangi NSW 2267.

**4 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Significant accounting estimates and assumptions**

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Useful lives of non-current assets**

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the Statement of Profit or loss should they change.

**Deferred Management Fees**

Significant accounting estimates and assumptions have been used in the measurement of the deferred management fee revenue recognised. Further details are included at note 9. The estimates and judgements involved may impact the carrying value of the deferred management fee receivable and the revenue recorded in the statement of profit or loss.

**5 Operating Revenue**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Bar Sales	1,203,087	1,210,667
Poker Machine Net Revenue	1,959,570	1,834,318
Summerhill Park Income	598,332	590,456
Wangi Shores Retirement Village Income	752,460	462,309
Paper Gaming Revenue	141,465	102,550
Interest Received	184	407
Other	335,446	313,175
Total	<u>4,990,544</u>	<u>4,513,882</u>

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

<b>6</b>	<b>Operating Profit/(Loss)</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
	Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:		
	<b>Credits</b>		
	Interest Received / Receivable	184	407
	Deferred Management Fees	277,148	161,220
	Realised Departure Fees	174,720	64,400
	Profit on Sale of assets	51,873	17,832
	<b>Charges</b>		
	Depreciation		
	Poker Machines	162,643	154,244
	Plant & Equipment	<u>123,510</u>	<u>139,862</u>
		286,153	294,106
	Amortisation		
	Buildings	152,967	151,614
	Investment Properties	<u>593,634</u>	<u>462,558</u>
		746,601	614,172
	Total Depreciation & Amortisation	<u>1,032,754</u>	<u>908,278</u>
	Interest and Finance Costs	41,034	48,332
	Employee Benefits		
	- Wages including termination payouts	1,036,942	967,389
	- Superannuation	97,107	90,735
	- Leave Provisions	<u>(1,513)</u>	<u>9,005</u>
		<u>1,132,536</u>	<u>1,067,129</u>
<b>7</b>	<b>Income Tax Expense</b>		
	a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the operating profit. The difference is reconciled as follows:-		
	Net Profit / (Loss) before income tax	<u>(196,012)</u>	<u>(55,284)</u>
	<i>Income Tax Expense/(Benefit) thereon @ 27.5%</i>	(53,903)	(15,203)
	Non Deductible Expenses	1,280	1,280
	Apportionment Adjustment Members Income and Expenses	<u>(27,331)</u>	<u>(18,262)</u>
		(79,954)	(32,185)
	Timing Differences	(74,516)	(41,533)
	Tax Losses not Brought into Account	<u>154,470</u>	<u>73,718</u>
	Income Tax Expense/(Benefit) per Statement of Profit or Loss	<u>-</u>	<u>-</u>
	Major components of income tax expense/(benefit) are:		
	b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2018 in respect of tax losses not brought into account is:	<u>1,752,249</u>	<u>1,597,777</u>
	The benefit for tax losses will only be obtained if:		
	i) the Company derives future assessable income in the nature and of amount sufficient to enable the benefit from deductions for the losses to be realised;		
	ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and		
	iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.		
<b>8</b>	<b>Cash and Cash Equivalents</b>		
	<b>Current</b>		
	Cash on Hand and at Bank	466,452	449,302
		<u>466,452</u>	<u>449,302</u>

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>9 Trade and other Receivables</b>		
<b>Current</b>		
Debtors Trade	92,964	110,742
Deferred Management Fee Receivable	139,014	104,325
	<u>231,978</u>	<u>215,067</u>
<b>Non-Current</b>		
Deferred Management Fee Receivable	1,563,904	1,321,449
	<u>1,563,904</u>	<u>1,321,449</u>

Under the Lease and Services Contract entered into between the Company and residents of Wangi Shores Retirement Village, the residents are required to pay a deferred management fee to the Company when they cease occupation of the Retirement Village. This fee is based on 4% per annum of the value of the resident's loan capped to a maximum 7 years of occupancy. The Company had reduced this fee to 2% for the period until the Retirement Village clubhouse received an occupation certificate for the pool area, being 7 September 2017. As this fee is deferred until the resident leaves the Village, AASB 139 "Financial Instruments: Recognition and Measurement" requires that the amount receivable be discounted to present value such that the receivable is measured at amortised cost using the effective interest rate method.

The calculation of the deferred management fee receivable is based on the current resident loans and the assumptions that the residents are expected to occupy their units for an average of 10 years and a discount rate matching the equivalent Corporate Australian Bond rate for that period.

<b>10 Inventories</b>		
<b>Current</b>		
Stock on Hand - Liquor	44,248	51,489
	<u>44,248</u>	<u>51,489</u>
<b>11 Other Assets</b>		
<b>Current</b>		
Prepayments	112,215	98,029
	<u>112,215</u>	<u>98,029</u>

	Plant & Equipment	Club Land & Buildings	Poker Machines	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>				
At 1 July 2017,	592,968	4,007,392	402,529	5,002,889
Net of Accumulated Depreciation/Amortisation				
Additions	108,638	44,579	262,979	416,196
Less: Disposals	(26,143)	-	(1,014)	(27,157)
Less: Depreciation/Amortisation	(123,510)	(152,967)	(162,643)	(439,120)
At 30 June 2018				
Net of Accumulated Depreciation/Amortisation	<u>551,953</u>	<u>3,899,004</u>	<u>501,851</u>	<u>4,952,808</u>
<b>At 1 July 2017</b>				
Cost or Fair Value	2,234,254	7,107,617	1,684,198	11,026,069
Accumulated Depreciation/Amortisation	(1,641,286)	(3,100,225)	(1,281,669)	(6,023,180)
Net Carrying Amount	<u>592,968</u>	<u>4,007,392</u>	<u>402,529</u>	<u>5,002,889</u>
<b>At 30 June 2018</b>				
Cost or Fair Value	2,299,270	7,152,196	1,874,292	11,325,758
Accumulated Depreciation/Amortisation	(1,747,317)	(3,253,192)	(1,372,441)	(6,372,950)
Net Carrying Amount	<u>551,953</u>	<u>3,899,004</u>	<u>501,851</u>	<u>4,952,808</u>

Under Australian Accounting Standards, the Company does not have to obtain a valuation every 3 years. However, the Company is required to consider if the carrying value is overstated if an indicator for impairment exists. The Directors are of the view that no indicator for impairment exists and consequently the Directors have determined that the Company land and buildings are not overstated at their shown carrying amounts. The Directors have formed this opinion on the following basis:

- (i) The Company (excluding investment properties) has generated significant operating revenue (over \$3,600,000 p.a.).
- (ii) The Company land at cost of \$1,122,783 (contained within the above carrying values) is significantly understated in value, given the prime waterfront nature of the land.
- (iii) Under Australian Accounting Standards, where an asset in a non-profit entity does not derive direct cash flows (such as the Club land and buildings), the Company needs to consider the "depreciated replacement cost" of those assets. In this instance, the Directors have assessed the "depreciated replacement cost" of the buildings to be in excess of the value currently shown in the accounts of the Company.
- (iii) The Company's land and buildings also includes properties located at 3 and 5 Market Street Wangi Wangi. One of these properties is used by the Company for storage while the other property is currently vacant (formerly used as a temporary clubhouse for Wangi Shores Retirement Village prior to stage 2 completion, to be used as part of the upcoming deck extension and cafe renovation). An appraisal performed by Barry Price of Ray White Real Estate on 30 August 2016 estimates each of these properties to be valued between \$440,000 and \$460,000. This substantially exceeds the carrying value in the financial statements of \$155,275.

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017****13 Investment Properties**

	<b>Retirement Village</b>	<b>Summerhill Park</b>	<b>Total</b>
<b>Year ended 30 June 2018</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 July 2017,	17,491,534	5,096,399	22,587,933
Net of Accumulated Depreciation/Amortisation			
Additions	4,339,987	-	4,339,987
Transfers to Property, Plant and Equipment	-	-	-
Less: Depreciation/Amortisation	(417,589)	(176,045)	(593,634)
At 30 June 2018			
Net of Accumulated Depreciation/Amortisation	<u>21,413,932</u>	<u>4,920,354</u>	<u>26,334,286</u>
<b>At 1 July 2017</b>			
Cost	20,234,580	7,760,425	27,995,005
Accumulated Depreciation/Amortisation	(2,743,046)	(2,664,026)	(5,407,072)
Net Carrying Amount	<u>17,491,534</u>	<u>5,096,399</u>	<u>22,587,933</u>
<b>At 30 June 2018</b>			
Cost	24,574,567	7,760,425	32,334,992
Accumulated Depreciation/Amortisation	(3,160,635)	(2,840,071)	(6,000,706)
Net Carrying Amount	<u>21,413,932</u>	<u>4,920,354</u>	<u>26,334,286</u>

Investment properties are held at cost less accumulated depreciation.

**Wangi Shores Retirement Village**

The value of the Village has been calculated as the sum of the value of all the individual units based on the units' "selling prices" at the time the Village was completed. The "selling price" related to the market value of the unit expected at the time the Company entered into a 99 year Lease Agreement with a resident. (This amount is provided as an interest free loan by the resident to the Company). In accordance with AASB 116 "Property, Plant and Equipment" and AASB 140 "Investment Property" this value has been deemed as the cost of acquisition of the Village. The carrying value of the village as at 30 June 2018 has been determined based on the original estimated sale price of the 49 units (32 units from stage 1, 9 from stage 2 and 8 from stage 3) less accumulated depreciation, amortisation and any impairment losses. If the carrying value exceeds the actual "sale" value of all units an impairment loss is charged to the statement of comprehensive income.

The Company has a contractual arrangement with another party ("project partner") in relation to the completion of the retirement village project which encompasses construction of the remaining 49 units, Clubhouse and other facilities. The Company has agreed to provide the retirement village property as security in the form of a registered first mortgage to allow the project partner to secure funding for the development of the remaining stages of the retirement village, with the project partner to meet all project costs. At year end, the loan to fund stage 3A had been fully discharged, with no further loans undertaken using 11 Dobell Drive as security.

**Summerhill Mobile Park**

Barry Price of Ray White Real Estate last performed an appraisal of the Summerhill Mobile Park on 30 August 2016. The market value determined was between \$5.8 million and \$6.2 million.

Summerhill Mobile Park generates substantial cashflows from its operations on an earnings before interest and depreciation basis. As the appraisal is above the carrying value of the property, and there are no indicators for impairment, the property is not considered to be impaired at 30 June 2018.

**14 Trade and Other Payables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Creditors and Accruals	283,654	214,023
Other Payables	3,124,000	-
GST Payable	39,059	30,945
	<u>3,446,713</u>	<u>244,968</u>

Other payables relates to amounts payable to the Wangi Shores project partner upon settlement of the remaining stage 3A villas, in accordance with the terms of the contractual arrangement. Refer note 21.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>15 Financial Liabilities</b>		
<b>Current</b>		
Loans - Insurance	66,920	55,147
Residents' Loans - Wangi Shores	21,194,770	19,813,270
Business Loan (Secured)	195,000	390,000
Finance Leases	75,794	88,011
Commercial Bill Liability (Secured)	-	222,000
	<u>21,532,484</u>	<u>20,568,428</u>
<b>Non-Current</b>		
Finance Leases	58,909	46,008
	<u>58,909</u>	<u>46,008</u>
Residents' Loans at Wangi Shores have increased during the financial year. Changes in the liability reflect the change in the sale price of the living units between incoming and outgoing residents, as well as the recognition of the Stage 3 Villas which were exchanged during the year. All changes from Villa exchanges have been recorded as finance income / (expense) in other comprehensive income. Loans repayable to outgoing residents during the financial year have been paid in full and on time. Refer note 23 for security details.		
<b>16 Provisions</b>		
<b>Current</b>		
Provision for Annual Leave	91,273	92,595
Provision for Long Service Leave	84,560	89,124
	<u>175,833</u>	<u>181,719</u>
<b>Non Current</b>		
Provision for Long Service Leave	15,399	11,026
	<u>15,399</u>	<u>11,026</u>
<b>17 Other Liabilities</b>		
<b>Current</b>		
Income in Advance - Summerhill Park	11,685	12,082
Income in Advance - Functions	1,930	4,255
Subscriptions in Advance	10,733	9,455
	<u>24,348</u>	<u>25,792</u>
<b>Non Current</b>		
Subscriptions in advance	14,285	14,285
	<u>14,285</u>	<u>14,285</u>
<b>18 Reserves</b>		
Capital Profits Reserve	35,050	35,050
Funds Acquired from Club	207,461	207,461
	<u>242,511</u>	<u>242,511</u>
<b>19 Commitments for Expenditure</b>		

**a) Financing Commitments**

Total commitments in respect of Finance Leases are as follows:

	2018		2017	
	Minimum	Present Value of	Minimum	Present Value of
	\$	\$	\$	\$
Not later than One Year	82,602	75,794	93,490	88,012
Later than One Year and not Later than Five	61,189	58,909	47,973	46,007
Later than Five Years	-	-	-	-
Total Minimum Lease Payment	<u>143,791</u>	<u>134,703</u>	<u>141,463</u>	<u>134,019</u>
Less: Amounts Representing Finance Charges	9,088	-	7,444	-
Present Value of Minimum Lease Payment	<u>134,703</u>	<u>134,703</u>	<u>134,019</u>	<u>134,019</u>
<i>Weighted average interest rate on Finance Arrangements</i>		4.92%		4.71%

**b) Capital Commitments**

The Company has entered into the following capital commitments:

	2018
	\$
Deck Extension and Café Renovation	950,214
Wangi Shores - Pool Improvements	220,000
Total	<u>1,170,214</u>

These renovations will be funded by way of an increase to the existing finance facilities with the Commonwealth Bank.

**WANGI DISTRICT WORKERS CLUB LIMITED****ACN 001 029 241****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018****20 Related Parties**

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors' Report.

**Key Management Personnel**

	2018 \$	2017 \$
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	119,714	99,922
Long term employment benefits	2,053	9,380
Post employment benefits	10,768	9,071
	<u>132,535</u>	<u>118,373</u>

**Other**

Director I Towe provided services to the Company under normal trade conditions, with the total paid/payable during the year being \$2,208.

**21 Additional Financial Instrument Disclosure**

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and various loan obligations.

**Financial Risk Management**

The Company's activities expose it primarily to the financial risks of liquidity, credit exposure and changes in interest rates. The board of Directors are responsible for monitoring and managing the financial risks of the company. They monitor these risks through monthly board meetings. Any changes required are communicated to the Chief Executive Officer who implements the changes. The Company does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

**a) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial assets and liabilities subject to interest rate risk are:

*Bank Accounts*

Cash and cash equivalents are subject to interest rate risk as they earn interest at floating rates. The interest rates range from 0.1% to 0.5%.

The Company has finance lease liabilities with an weighted average interest rate of 4.92%.

The Company financed the acquisition of the car park with a variable rate loan with a balance due of \$195,000 at 30 June 2018 from the Commonwealth Bank. The facility is interest only for 3 years to November 2020. The current rate on the facility is 5.23% per annum.

All other financial assets and liabilities of the Company which have been recognised on the statement of financial position are not subject to interest rate risk as they are non-interest bearing.

**b) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has exposure to credit risk through its receivables to the extent that there are unpaid amounts at balance date.

The Directors establish any allowances for impairment when it is expected that any receivables are not collectable. This allowance consists of allowances for specific amounts (refer Note 9).

The maximum credit risk in financial assets of the Company which have been recognised on the statement of financial position, is the carrying amount net of any provision for doubtful debts. Total credit risk for the Company at 30 June 2018 is \$1,795,882 (2017: \$1,536,516) arising from receivables.

The Company has also reviewed the credit quality of its financial assets and expects all receivables to be recovered within due collection periods. No collateral or security is held in respect of any receivables. Credit is not generally extended to customers.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**21 Additional Financial Instrument Disclosure (cont.)**

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares cash flow budgets and monitors its cash position to ensure that sufficient cash is available to settle obligations as they fall due.

Whilst the loan from Village Residents is classified as "current" due to the demand feature present within the loan, the Company does not expect any repayments to be made for 10 years from the time residents commence to live at the village as this is the expected time frame of the residents' occupancy. Furthermore, any outgoing resident's loan is likely to be re-paid by the incoming resident's loan. Consequently, as the liability is settled there are expected to be simultaneous inflows of a similar amount. This was evidenced during the year with the exchange of three Villas which were funded by incoming residents. However, the Company will ensure that it holds sufficient reserves or facilities to ensure that the residents' loans can be re-paid in accordance with legal requirements.

Similarly, other payables expect to be settled following the receipt of a simultaneous inflow. These relate to the estimated future sale price of the remaining stage 3A villas, and will become due upon settlement date on exchange of each of the villas. Upon receipt of the settlement proceeds from the resident, these amounts are then payable to the project partner in accordance with contractual arrangements.

The following are contractual maturities of the financial liabilities including interest payments. Contractual amounts are expected payments which have not been discounted:

	Carrying Amount	Contractual Cash Flows	0-12 Months	1-2 Years	More than 2 Years
<i>Financial Liabilities</i>	\$	\$	\$	\$	\$
Trade Payables	283,654	283,654	283,654	-	-
Other Payables	3,124,000	3,124,000	3,124,000	-	-
Resident Loans	21,194,770	21,194,770	21,194,770	-	-
Secured Borrowings	195,000	219,646	10,199	10,199	199,249
Finance Leases	134,703	143,791	82,602	61,189	-
Insurance Financing	66,920	68,754	68,754	-	-
	<u>24,999,047</u>	<u>25,034,615</u>	<u>24,763,978</u>	<u>71,388</u>	<u>199,249</u>

**d) Net Fair Value of Financial Assets**

The Company's financial assets and liabilities included in the statement of financial position are carried at net fair value.

**22 Contingent Liabilities**

The Company has contingent liabilities in respect of:

Security Deposit: TAB NSW	5,000	Since 28.02.1996
Total Bank Guarantee approved	<u>5,000</u>	

**Mortality Fund**

The Company conducts a Mortality Fund whereby each eligible member is entitled to have \$100 paid by the Company to his/her estate upon his/her death. No Liability for this has been recognised in the financial statements, however at 30 June 2018 the Company's contingent commitment was \$8,800 (88 members) (2017: \$9,400). Payments to members are taken up as an expense in the year in which the payments are made.

**23 Security Details**

The Commonwealth Bank security position in regards to the Bill Facility and the Business Loan, refer Note 15, is as follows:

A First Registered Mortgage by Wangi District Workers Club Limited over Club premises located at 11-19 Market Street, Wangi Wangi;

A First Registered Equitable Mortgage by Wangi District Workers Club Limited over the Company asset(s) and undertaking(s), including uncalled capital;

A First Registered Mortgage by Wangi Workers Club Limited over non residential real property located at 4 Summerhill Drive, Wangi Wangi;

First Registered Mortgages by Wangi Workers Club Limited over non residential real properties situated at 3 & 5 Market Street, Wangi Wangi.

A First Registered Mortgage by Wangi District Workers Club Limited over non residential real property located at 2A David Street, Wangi Wangi;

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**24 Segment Information**

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. The entity comprises 2 main segments, based on the entity's management reporting systems:

- Licensed Club operations for the benefit of members and guests;
- Property Investments including the Retirement Village and Summerhill Park.

	<b>Licensed Club</b>		<b>Property Investments</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales / revenues from external customers	3,639,752	3,482,276	1,350,792	1,053,324
Segment result (before tax)	102,144	51,805	(298,156)	(357,898)
Segment Assets	5,668,687	5,712,451	28,037,204	24,013,707
Segment Liabilities	937,516	1,044,874	24,330,455	20,047,352

Refer also to the statement of profit or loss for departmental splits of income and expenses. Note that as Property Investments are currently incurring a loss for tax purposes, no income tax is payable. These losses ensure that no tax is payable by the Licensed Club either.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
**ACN 001 029 241**

**SUMMARY PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>TRADING ACCOUNT</b>		
<b>STATEMENT OF BAR TRADING</b>		
Sales	1,203,087	1,210,667
Less Cost of Sales	<u>480,255</u>	<u>460,393</u>
Gross Profit	722,832	750,274
Less Direct Expenses	<u>326,436</u>	<u>320,259</u>
Net Profit	<u>396,396</u>	<u>430,015</u>
<b>STATEMENT OF POKER MACHINE OPERATIONS</b>		
Net Revenue	1,959,570	1,834,318
Less Direct Expenses	<u>562,605</u>	<u>531,358</u>
Net Profit	<u>1,396,965</u>	<u>1,302,960</u>
<b>STATEMENT OF PAPER GAMING</b>		
Commission Income	141,465	102,550
Less Direct Expenses	<u>52,539</u>	<u>51,230</u>
Net Profit/(Loss)	<u>88,926</u>	<u>51,320</u>
<b>OTHER INCOME</b>	335,630	313,582
<b>TOTAL CLUB INCOME</b>	<u>2,217,917</u>	<u>2,097,877</u>
<b>LESS CLUB EXPENSES</b>		
Members Amenities	577,906	559,196
Clubhouse	422,695	441,690
Administration and Other	<u>1,115,172</u>	<u>1,102,912</u>
<b>TOTAL CLUB EXPENSES</b>	<u>2,115,773</u>	<u>2,103,798</u>
<b>NET PROFIT FOR CLUB</b>	<u>102,144</u>	<u>(5,921)</u>
<b>STATEMENT OF SUMMERHILL PARK OPERATIONS</b>		
Gross Income	598,332	590,456
Less Direct Expenses	<u>370,815</u>	<u>367,369</u>
Net Profit/(Loss)	<u>227,517</u>	<u>223,087</u>
<b>STATEMENT OF WANGI SHORES RETIREMENT VILLAGE OPERATIONS</b>		
Gross Income	752,460	462,309
Less Direct Expenses	<u>914,633</u>	<u>584,759</u>
Net Profit/(Loss)	<u>(162,173)</u>	<u>(122,450)</u>
<b>OPERATING PROFIT/(LOSS) BEFORE INCOME TAX</b>	167,488	94,716
Income Tax Expense / (Benefit)	-	-
<b>OPERATING PROFIT/(LOSS) AFTER INCOME TAX</b>	<u>167,488</u>	<u>94,716</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Finance Charge / (Expense)	<u>(363,500)</u>	<u>(150,000)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>(196,012)</u>	<u>(55,284)</u>
<b>RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	8,391,421	8,446,705
<b>RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR</b>	<u>8,195,409</u>	<u>8,391,421</u>