



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

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

**WANGI DISTRICT WORKERS CLUB LIMITED  
PRESIDENTS REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

I would like to thank the 2019 Board members for the support given to me this year.

Thanks to the Staff and Management for making the Club a friendly and inviting place to visit,

Since last AGM we have seen The Market Street Café up and running and starting to get some new faces and members to the Club.

Thanks to the members and visitors for their patronage, and hope they enjoy their time while at the Club.

So to finish up, Thanks Board, Management, Staff and Members for your support in 2019, and hope next year we will see Wangi Workers move ahead.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Rod Boyson', written in a cursive style.

Rod Boyson.

**WANGI DISTRICT WORKERS' CLUB LTD**  
**TREASURER'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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. Within this element, analysis of the Market Street Café has been extracted as a separate business entity.
- Summerhill Park Residential Village.
- Wangi Shores Retirement Village.

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

Club Operations

The changing nature of the Club industry operating environment over at least the last decade has stabilised substantially – but clearly at a diminished level of community and member engagement. This has triggered challenges for Club Boards and Management, to maintain commercial viability, and simultaneously respond to a diversifying Member expectation on the range of Club services. Wangi has not been immune in this regard, and effort has been applied to balancing these sometimes-conflicting demands. It is anticipated that many of the initiatives currently in their early stages of development will gain acceptance and become valued elements of the Member amenities and service package.

Club Operations recorded a profit for the year of \$84,545 compared to a \$102,144 profit in 2018. This was well ahead of the budgeted profit of \$2,539. This result is after provision for Depreciation of \$454,194 (comparable to that recorded in 2018).

Bar net profit of \$474,304 increased by \$77,908 more than reversing last year's decrease. Bar sales of \$1,233,632 increased by 2.5% - a nominal gain, and effectively 'on budget'. Price adjustments were applied routinely to reflect brewery and delivery increases – this policy will undoubtedly continue! There is optimism that the downward trend in Bar patronage over recent years has 'levelled' and stabilised.

Poker machine net profit of \$1,446,940 increased by \$49,975 (3.6%), and exceeded the budget of \$1,378,092. Poker machine revenue of \$2,051,657 increased by \$92,087 (4.7%) year-on-year, and duty tax increased proportionately. Other expenses increased in depreciation and duty tax compared 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.

Net profit from Keno /TAB operations of \$119,290 showed a further \$30,364 boost over 2018 – close to \$67,000 increase in two years. A major contributor is thought to be the introduction of 'self-serve' terminals – gamblers value their absolute privacy!

Summation of the above trading results, with an aggregated trading profit of \$2,040,534, showed an increase of \$158,247 relative to 2018 figure of \$1,882,287, and exceeded budget by \$114,364. The Budget was intentionally conservative, and operating policies were applied accordingly to maintain commercial viability. So the above scenario is a pleasing result, reflecting better-than-expected patronage by Members and Visitors.

Income from other sources (commissions, membership subscriptions, courtesy car, raffles) of \$289,556 nominally exceeded 2018 level by \$5,798. Profit on the sale of assets previously written down was \$25,505, leading to a total income figure of \$2,355,595 (budget \$2,208,668). Notwithstanding the challenges encountered in achieving this result, the Board welcomed the performance that allowed its budgetary target to be exceeded.

Members amenities costs of \$603,688 showed a similar increase to the \$577,906 recorded last year – a steady trend over the last few years - primarily due to increased member promotions, courtesy car costs, and assigning Bingo operation as a cost element for the first time. This result exceeded budget by \$4,532.

Clubhouse expenses of \$424,650 increased marginally by \$1,955 on 2018's figure, with reduced depreciation offset by increases in Council rates and Repairs and Maintenance. This figure closely matched budget.

Administration expenses (including interest) at \$1,242,706 were \$127,534 more than the previous year. There were significant increases in electricity and gas charges, insurance, salaries and related costs, printing and stationery, subscriptions, computer maintenance, security services, and staff training, offset to some extent by savings on bank interest, advertising, and motor vehicle costs.

### Market Street Café

As pre-empted in last year's Report to Members, the Market Street Café began trading during November. There were significant staffing costs ahead of initial trading, and extended opening hours until customer patterns became evident. From a modest customer base, patronage has continued to increase, but the facility has been operating in 'loss mode' during this establishment phase. Customer demand for a wider range of fare than initially envisaged has led to a 'rethink' of the internal layout of the premise, and modifications are proposed to better service this trend.

The Café facility has met one of its fundamental objectives of attracting more diverse patronage than customarily visit the Club. As patronage builds, and the menu adjustments take effect, the Board is confident of the Market Street Café achieving profitability.

The bottom-line impact of the new venture was a loss for the year of \$132,445. Contributing to this result was depreciation on the value of the entire deck (not just the coffee shop) of \$16,376, promotional costs of \$8,376 and interest on the loan to build the deck facility of \$37,973.

### Summerhill Park

Summerhill Park financial performance continued the trend of the last 5 or 6 years, of increasing profitability. This favourable result is attributable to the fact that the Park is now unencumbered, together with streamlined Park management and progressive adjustment of concessional rents to reflect market rates.

Summerhill Park operations showed a profit of \$260,919 – an increase of \$33,402 on last year's \$227,517. This result is after provision for depreciation of \$179,196. Rental income of \$614,319 increased by \$15,987 as market-rental-rates regime took effect when tenancies 'turned over'.

Heavy 2018 repairs and maintenance cost was not repeated reducing by \$16,142 to \$56,335 for the current year. Several units were refurbished as and when vacancies occurred.

Park occupancy continued effectively at 100% throughout the year. Other operating expenses showed only minor variations, consistent with normal year-on-year fluctuations.

## Wangi Shores

The Financial Report is structured to show (a) operational parameters funded by income from Residents in the form of Recurrent Charges (a weekly or monthly fee), and includes 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, and (b) ownership parameters such as 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 \$86,564 versus a loss last year of \$137,054 – but lower than the budgeted loss of \$58,518. The Residential Block J (8 Units) was completed in 2018. Four of these Units are now occupied, and the other four are on the market. Recurrent Charges are now accruing from 45 completed residential units, (half of the approved development of 90 units). Many expense items are geared to the completed Village – a major factor in the loss scenario. Income from Recurrent Charges of \$329,291 was less than the budget of \$359,688 – attributable to the four ‘unsold’ units. Repairs and maintenance expense at \$99,206 was down significantly on 2018’s \$130,760. Increases were experienced in electricity and gas, insurance, and wages, with other elements comparable to the previous year.

The Owner (Non-Recurrent) elements of Wangi Shores finances resulted in a loss of \$452,429 – versus \$388,617 in 2018. This is after provision for Depreciation of \$576,196 (\$417,589 in 2018), and Deferred Management Fees of \$394,110 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 \$154,426.

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 \$8,266 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 associated with Stage 3 ‘sales’ and a Tribunal hearing of \$24,046, promotional costs of \$2,502, subscriptions of \$935, professional fees of \$2,020 and Finance Charges (explained below) of \$387,000 (versus \$363,500 in 2018).

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

Continuing development of the Site is linked to ‘sale’ of unoccupied units – with Blocks I and K along the Dobell Drive frontage expected to comprise the next construction package.

## Overall Performance

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

<b>Business Unit</b>	<b>2018-19 Result</b>	<b>2018-19 Budget</b>
Club core business	\$84,545	\$2,539
Market Street Café	(\$132,445)	(\$80,684) **
Summerhill Park	\$260,919	\$228,610
Wangi Shores	(\$538,993)	(\$86,131)
<b>Totals</b>	<b>(\$325,974)</b>	<b>\$64,334</b>

Loss figures are (.....) bracketed. \*\* Interest and Depreciation only – no trading components. i.e. the Club’s commercial trading activities resulted in a deficit of \$325,974 for the year, against a budgeted profit of \$64,334 and a loss last year of \$196,013. This is after provision for depreciation totalling \$1,233,073 (\$1,032,754 in 2017-18), and includes Deferred Management Income of \$394,110 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 2018 amounted to \$21,194,770. During the 2018-19 financial year, this figure increased by \$1,415,000 to \$22,609,770. 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 3 Stages 1 and 2 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 - \$387,000.

This increased Current Liability in the Balance Sheet can only be reconciled by applying a charge / expense to the Profit and Loss figures of \$387,000.

This is shown as a ‘special item’ within Wangi Shores Accounts as –  
Finance Expense (\$387,000)

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. The Board is currently examining a change to the ‘Fair Value’ accounting principle, which will require an annual valuation of the Club’s investment properties, but which will eliminate both depreciation and ‘finance’ expense from the accounts, and give a ‘more understandable’ presentation of the financial status of both Wangi Shores and Summerhill Park.

## Balance Sheet

During the year, the Club’s Current Assets increased to \$959,979 from \$854,893 last year, with approximately half of this amount being cash (or cash equivalent) – a liquidity level required by the Club’s routine operations and the 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 by a further \$45,000 to \$150,000 during the year. A separate loan of \$1,000,000 was secured to fund the deck and coffee shop development.

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 \$24,705,770 (93.22%) of the Club’s Current Liabilities. Additionally, due to a clause in the loan contract the development loan of \$1,000,000 is also shown as a current liability.

Putting aside these ‘distortions’, the Club’s ratio of Current Assets (\$959,979) to Current Liabilities (\$795,850) is 1.21 : 1 – up from from 0.99 : 1 in 2017-18, and lower in preceding years.

R. J. (Bob) Porter



Hon. Treasurer

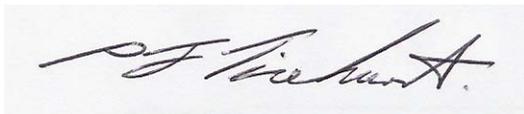
**WANGI DISTRICT WORKERS CLUB LIMITED**  
**CEO REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

The past several years has seen the Club industry experience an enormous amount of change in technology, environmental, legislative and societal change and continues to challenge the way we operate your Club.

Managing a Club away from a reliance on gaming is not an overnight exercise. Wangi Workers Club is fortunate that the foresight of previous Boards has provided a strong diversification portfolio. Your current Board has continued this foresight with our newest diversification - Market St Café opened in late November 2018 and can be best described as where Club meets Café, with the offering of both combining to provide the wider west lakes community with a truly unique offering. I look forward to watching the Cafe grow and mature as part of the Wangi Workers Group.

I would like to thank President Rod Boyson and his fellow Board Members for the countless hours they put into ensuring the prosperity and future of Wangi Workers. Thank you to the staff for continually rising to the challenges put before them and providing our members and guests the best hospitality has to offer.

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

A handwritten signature in black ink, appearing to read 'P. Ticehurst', is centered on a light grey rectangular background.

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 2019****CONTENTS**

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The financial report was authorised for issue by the Directors on 19 September 2019. 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 this financial report for Wangi District Workers Club Limited (the Company) for the year ended 30 June 2019.

**1. Directors**

The names of each person who has been a Board member during the year and to 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>
Rodney Boyson	President	Building Committee, Catering Committee	37 years as Mining Deputy	11
Robert Smiles	Vice President	Building Committee, Catering Committee	Internal auditor for Qantas for 25 years as well as other divisional and administrative management roles.	6
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.	32
Norman Anderson	Director		Qualified Electrician - worked in many industries including mining. Also spent some years as an insurance sales representative.	13
Michael Mason	Director		50 years experience as Construction Manager, mainly in water and sewerage infrastructure.	8
Ian Towe	Director		Self employed handyman and gardener	8
Darryl Daniels	Director		Owner / Director of a Corporate Recruitment Appointed at AGM business. Possesses over 20 years recruitment experience. Holds a Diploma of HR (Recruitment). Resides in Wangi Wangi.	

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

**2. Principal Activities**

The principal activities of the Company in the course of the financial year ended 30 June 2019 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 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 strategy of maintaining and increasing existing revenue levels, and to 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 \$61,026 (2018: \$167,488). After recognising other comprehensive expenses incurred, this showed a loss of \$325,974 (2018 loss \$196,012)

**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 2019 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 2019 the collective liability of members was \$35,100 (2018: \$27,414).

**7. Meeting Attendances**

The number of Board meetings held during the financial year ended 30 June 2019 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>
Rodney Boyson	12	12
Robert Smiles	12	12
Robert Porter	10	12
Norman Anderson	9	12
Michael Mason	9	12
Ian Towe	9	12
Darryl Daniels (Appointed 22 November 2018)	6	7

The Annual General Meeting was held on 21 October 2018.

**8. Property Report**

The Directors have classified Company property defined in s41J of the Registered Clubs 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:



Rodney Boyson - President



Robert Porter - Treasurer

**Dated: 19 September 2019**

# dfk crosbie

Business Advisers and Accountants

**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 2019 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.



Shaun Mahony - Partner



DFK Crosbie Partners  
Chartered Accountants

**Dated: 19 September 2019**  
**Newcastle, NSW**



## Business Advisers and Accountants

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

### **INDEPENDENT AUDIT REPORT TO MEMBERS**

To the Members of Wangi District Workers Club Limited

#### **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 2019, the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Cashflows and Statement of Changes in Equity for the year then ended, including a summary of significant accounting policies, other explanatory notes 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 2019 and of its performance for the year then ended; and
- (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 auditor independence requirements of 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 2019, 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, CEO's 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **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.



Business Advisers and Accountants

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 2019 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.

A handwritten signature in black ink, appearing to read 'Shaun Mahony'.

Shaun Mahony - Partner

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

DFK Crosbie Partners  
Chartered Accountants

**Dated: 19 September 2019**  
**Newcastle, NSW**

**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 24 are in accordance with the Corporations Act 2001 and:
  - (a) give a true and fair view of the financial position as at 30 June 2019 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 on behalf of the Directors by:



Rodney Boyson - President



Robert Porter - Treasurer

**Dated: 19 September 2019**

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	8	572,719	466,452
Trade Receivables	9	7,482	4,113
Financial Assets at Amortised Cost	10	209,470	227,865
Inventories	11	48,647	44,248
Other Assets	12	121,661	112,215
<b>TOTAL CURRENT ASSETS</b>		<u>959,979</u>	<u>854,893</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	13	5,860,811	4,952,808
Financial Assets at Amortised Cost	10	1,925,841	1,563,904
Investment Properties	14	25,991,127	26,334,286
<b>TOTAL NON-CURRENT ASSETS</b>		<u>33,777,779</u>	<u>32,850,998</u>
<b>TOTAL ASSETS</b>		<u>34,737,758</u>	<u>33,705,891</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	15	2,360,203	3,446,713
Financial Liabilities	16	23,943,848	21,532,484
Provisions	17	175,864	175,833
Other Liabilities	18	21,705	24,348
<b>TOTAL CURRENT LIABILITIES</b>		<u>26,501,620</u>	<u>25,179,378</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities	16	93,682	58,909
Provisions	17	16,225	15,399
Other Liabilities	18	14,285	14,285
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>124,192</u>	<u>88,593</u>
<b>TOTAL LIABILITIES</b>		<u>26,625,812</u>	<u>25,267,971</u>
<b>NET ASSETS</b>		<u>8,111,946</u>	<u>8,437,920</u>
<b>MEMBERS' FUNDS</b>			
General Reserve	19	242,511	242,511
Accumulated Profit		7,869,435	8,195,409
<b>TOTAL MEMBERS' FUNDS</b>		<u>8,111,946</u>	<u>8,437,920</u>

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

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Bar Sales		1,233,632	1,203,087
Coffee Shop Sales		136,144	-
Poker Machine Net Revenue		2,051,657	1,959,570
Paper Gaming		166,951	141,465
Interest Received		330	184
Summerhill Park Income		614,319	598,332
Wangi Shores Retirement Village Income		877,827	752,460
Other Income		314,731	335,446
<b>Total Trading and Other Income</b>	<b>5</b>	<u>5,395,591</u>	<u>4,990,544</u>
<b>Expenses</b>			
Bar Cost of Goods Sold		469,286	480,255
Bar Direct Expenses		290,042	326,436
Coffee Shop Cost of Goods Sold		66,839	-
Coffee Shop Direct Expenses		163,777	-
Poker Machine Direct Expenses		593,844	552,896
Paper Gaming Direct Expenses		47,661	52,539
Summerhill Park Direct Expenses		353,400	369,593
Wangi Shores Retirement Village Expenses		1,029,820	914,633
Borrowing Expenses	<b>6</b>	60,552	41,034
Members Amenities		603,688	577,906
Clubhouse Expenses		424,656	422,695
Administration Expenses		1,231,000	1,085,069
<b>Total Expenses</b>		<u>5,334,565</u>	<u>4,823,056</u>
<b>Net Profit/(Loss) Before Income Tax</b>		61,026	167,488
Income Tax (Expense)/Credit	<b>7</b>	-	-
<b>Net Profit/(Loss) After Income Tax</b>		<u>61,026</u>	<u>167,488</u>

To be read in conjunction with the attached notes to the Financial Statements

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>Net Profit/(Loss) After Income Tax</b>	<u>61,026</u>	<u>167,488</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>(387,000)</u>	<u>(363,500)</u>
<b>Total Other Comprehensive Income</b>	<u>(387,000)</u>	<u>(363,500)</u>
<b>Total Comprehensive Income / (Loss)</b>	<u>(325,974)</u>	<u>(196,012)</u>

To be read in conjunction with the attached notes to the Financial Statements

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

**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>		
Receipts from Members and Guests	5,404,369	5,012,479
Payments to Suppliers and Employees	(4,442,274)	(4,005,470)
Interest Received	330	184
Interest Paid	(60,552)	(41,034)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>901,873</u>	<u>966,159</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	26,780	79,030
Payments for Property, Plant and Equipment	(1,441,290)	(425,509)
Payments for Investment Properties	(412,233)	(197,987)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(1,826,743)</u>	<u>(544,466)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Borrowings	1,304,240	231,635
Repayment of Borrowings	(273,103)	(636,178)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>1,031,137</u>	<u>(404,543)</u>
<b>Net Increase/(Decrease) in Cash Held</b>	106,267	17,150
<b>Cash and Cash Equivalents at the beginning of the Financial Year</b>	<u>466,452</u>	<u>449,302</u>
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	<u>572,719</u>	<u>466,452</u>
8		

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Reserves	Accumulated Profits	Total
	\$	\$	\$
<b>Opening Balances 1 July 2017</b>	242,511	8,391,421	8,633,932
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>
Profit / (Loss) After Income Tax	-	61,026	61,026
Comprehensive Income / (Expense)	-	(387,000)	(387,000)
<b>Closing Balances 30 June 2019</b>	<b>242,511</b>	<b>7,869,435</b>	<b>8,111,946</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**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 Limited (the Company) 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.

**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 assets are 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.

**Income Tax**

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

**Trade Receivables**

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

**Financial Assets at Amortised Cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

**Inventories**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1 Statement of Significant Accounting Policies (continued)**

**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.

**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.

*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.

**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.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1 Statement of Significant Accounting Policies (continued)**

**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.

**Borrowing Costs**

Borrowing Costs are recognised as an expense when incurred.

**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.

**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 and liabilities are then subsequently measured at amortised cost. 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 recognised and measured 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 10 for detailed assumptions made in calculating this balance.

**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.

**Comparatives**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**2 Deficiency in Working Capital**

Notwithstanding the deficiency in working capital of \$25,541,641, 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 \$22,609,770 in relation to the Retirement Village (note 16), the current classification of other payables of \$2,096,000 (note 15) and the current classification of the Market Rate Loan of \$1,000,000 and Better Business Loan of \$150,000 (both note 16). 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 Market Rate Loan and Better Business loan have been recognised as current liabilities due to the existence of an annual review clause in the loan facility terms and conditions that does not give the entity an unconditional right to defer the liabilities for a period of at least 12 months. The Company also has access to an unused Business Line of Credit Facility of \$500,000 from the CBA.

Furthermore the Company has generated \$901,873 cash from operating activities, has met all applicable loan covenants during the year and made repayments of finance obligations of \$273,103. This cash generated along with existing reserves and \$1,304,240 in funding borrowed was also used to purchase property, plant and equipment of \$1,441,290 and Investment property additions of \$412,233.

**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 10. 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.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

5	<b>Operating Revenue</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
	Bar Sales	1,233,632	1,203,087
	Coffee Shop Sales	136,144	-
	Poker Machine Net Revenue	2,051,657	1,959,570
	Summerhill Park Income	614,319	598,332
	Wangi Shores Retirement Village Income	877,827	752,460
	Paper Gaming Revenue	166,951	141,465
	Interest Received	330	184
	Other	314,731	335,446
	<b>Total</b>	<b>5,395,591</b>	<b>4,990,544</b>

**6 Operating Profit/(Loss)**

Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:

**Credits**

Interest Received / Receivable	330	184
Deferred Management Fees	394,110	277,148
Realised Departure Fees	154,426	174,720
Profit on Sale of assets	19,139	51,873

**Charges**

Depreciation	Poker Machines	191,698	162,643
	Plant & Equipment	123,958	123,510
		<u>315,656</u>	<u>286,153</u>
Amortisation	Buildings	162,025	152,967
	Investment Properties	755,392	593,634
		<u>917,417</u>	<u>746,601</u>
<b>Total Depreciation &amp; Amortisation</b>		<b>1,233,073</b>	<b>1,032,754</b>
Interest and Finance Costs		60,552	41,034
Employee Benefits			
	- Wages including termination payouts	1,183,568	1,036,942
	- Superannuation	109,825	97,107
	- Leave Provisions	857	(1,513)
		<u>1,294,250</u>	<u>1,132,536</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
<b>7 Income Tax Expense</b>		
<b>a) Income Tax Expense / (Benefit)</b>		
a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the net profit including other comprehensive income and expenses. The difference is reconciled as follows:-		
Net Profit / (Loss) before income tax, including other comprehensive income and expenses	(325,974)	(196,012)
<i>Income Tax Expense/(Benefit) thereon @ 27.5%</i>	(89,643)	(53,903)
Non Deductible Expenses	1,280	1,280
Apportionment Adjustment Members Income and Expenses	92,171	(27,331)
	3,808	(79,954)
Timing Differences	(37,961)	(74,516)
Tax Losses not Brought into Account	34,153	154,470
Income Tax Expense/(Benefit) per Statement of Profit or Loss	-	-
<b>b) Deferred Tax Assets and Liabilities</b>		
The balance comprises of temporary differences attributable to:		
Provisions	24,037	21,532
Deferred Management Fees	(576,683)	(468,302)
Depreciation	89,267	13,106
Other	(320)	(213)
	(463,699)	(433,877)
Less Deferred Tax Asset in respect of tax losses brought to account	463,699	433,877
	-	-
<b>c) Tax Losses</b>		
The Directors estimate that the potential Deferred Tax asset in respect of tax losses not brought to account is as follows:		
Tax Losses carried forward	1,786,401	1,752,249
Less Deferred Tax Asset brought to account	(463,699)	(433,877)
Tax Losses not brought to account	1,322,702	1,318,372
<b>8 Cash and Cash Equivalents</b>		
<b>Current</b>		
Cash on Hand and at Bank	572,719	466,452
	572,719	466,452
<b>9 Trade Receivables</b>		
Debtors Trade	7,482	4,113
	7,482	4,113

The Company has adopted AASB 9 Financial Instruments from 1 July 2018. AASB 9 replaces the provisions of AASB 139 relating to the recognition, classification and measurement of financial assets and financial liabilities. In accordance with the transitional provisions in AASB 9 the standard has been applied retrospectively resulting in the restatement of comparative figures. There was no impact on the measurement and recognition of the Company's financial assets resulting from the adoption of AASB 9. The Company has assessed the classification of the financial assets which has resulted in changes in the classification of the following financial assets on the statement of financial position:

- Deferred Management Fees Receivable were reclassified from Trade and Other Receivables to Financial Assets at Amortised
- Other Debtors were reclassified from Trade and Other Receivables to Financial Assets at Amortised Cost.

The accounting policies in Note 1 have been updated to reflect the adoption of AASB 9.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
<b>10 Financial Assets at Amortised Cost</b>		
<b>Current</b>		
Other debtors	38,284	88,851
Deferred Management Fee Receivable	171,186	139,014
	<u>209,470</u>	<u>227,865</u>
<b>Non-Current</b>		
Deferred Management Fee Receivable	1,925,841	1,563,904
	<u>1,925,841</u>	<u>1,563,904</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 9 "Financial Instruments" 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>11 Inventories</b>		
<b>Current</b>		
Stock on Hand - Liquor	48,647	44,248
	<u>48,647</u>	<u>44,248</u>
<b>12 Other Assets</b>		
<b>Current</b>		
Prepayments	121,661	112,215
	<u>121,661</u>	<u>112,215</u>

<b>13 Property, Plant and Equipment</b>				
	<b>Plant &amp; Equipment</b>	<b>Club Land &amp; Buildings</b>	<b>Poker Machines</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2019</b>				
At 1 July 2018				
Net of Accumulated Depreciation/Amortisation	551,953	3,899,004	501,851	4,952,808
Additions	173,564	981,007	238,754	1,393,325
Less: Disposals	(6,366)	-	(1,275)	(7,641)
Less: Depreciation/Amortisation	(123,958)	(162,025)	(191,698)	(477,681)
At 30 June 2019				
Net of Accumulated Depreciation/Amortisation	<u>595,193</u>	<u>4,717,986</u>	<u>547,632</u>	<u>5,860,811</u>
<b>At 1 July 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>
<b>At 30 June 2019</b>				
Cost or Fair Value	2,447,839	8,133,203	2,003,573	12,584,615
Accumulated Depreciation/Amortisation	1,852,646	3,415,217	1,455,941	6,723,804
Net Carrying Amount	<u>595,193</u>	<u>4,717,986</u>	<u>547,632</u>	<u>5,860,811</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 \$3,900,000 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.

**WANGI DISTRICT WORKERS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**14 Investment Properties**

	<b>Retirement Village</b>	<b>Summerhill Park</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 30 June 2019</b>			
At 1 July 2018,			
Net of Accumulated Depreciation/Amortisation	21,413,932	4,920,354	26,334,286
Additions	340,585	71,648	412,233
Transfers to Property, Plant and Equipment	-	-	-
Less: Depreciation/Amortisation	(576,196)	(179,196)	(755,392)
At 30 June 2019			
Net of Accumulated Depreciation/Amortisation	<u>21,178,321</u>	<u>4,812,806</u>	<u>25,991,127</u>
<b>At 1 July 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>
<b>At 30 June 2019</b>			
Cost	24,915,152	7,832,073	32,747,225
Accumulated Depreciation/Amortisation	3,736,831	3,019,267	6,756,098
Net Carrying Amount	<u>21,178,321</u>	<u>4,812,806</u>	<u>25,991,127</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 2019 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) plus the cost of any subsequent capital improvements 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**

Summerhill Mobile Park generates substantial cashflows from its operations on an earnings before interest and depreciation basis. The Directors are of the view that there are no indicators for impairment and that the property is not considered to be impaired at 30 June 2019.

**15 Trade and Other Payables**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Current</b>		
Creditors and Accruals	233,592	283,654
Other Payables	2,096,000	3,124,000
GST Payable	30,611	39,059
	<u>2,360,203</u>	<u>3,446,713</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 22.

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	2019	2018
	\$	\$
<b>16 Financial Liabilities</b>		
<b>Current</b>		
Loans - Insurance	75,130	66,920
Residents' Loans - Wangi Shores	22,609,770	21,194,770
Business Loan (Secured)	150,000	195,000
Finance Leases	108,948	75,794
Market Rate Loan - Market St Café (Secured)	1,000,000	-
	<u>23,943,848</u>	<u>21,532,484</u>
<b>Non-Current</b>		
Finance Leases	93,682	58,909
	<u>93,682</u>	<u>58,909</u>

Residents' Loans at Wangi Shores have increased during the financial year. Changes in the liability reflect the following transactions:

- Exchanges of existing Villas and resulting change in loans payable to Village residents	387,000
- First time settlement of Stage 3A Villas.	<u>1,028,000</u>
	<u>1,415,000</u>

Loans repayable to outgoing residents during the financial year have been paid in full and on time.

Refer note 24 for security details.

<b>17 Provisions</b>		
<b>Current</b>		
Provision for Annual Leave	90,223	91,273
Provision for Long Service Leave	85,641	84,560
	<u>175,864</u>	<u>175,833</u>
<b>Non Current</b>		
Provision for Long Service Leave	16,225	15,399
	<u>16,225</u>	<u>15,399</u>
<b>18 Other Liabilities</b>		
<b>Current</b>		
Income in Advance - Summerhill Park	10,599	11,685
Income in Advance - Functions	-	1,930
Subscriptions in Advance	11,106	10,733
	<u>21,705</u>	<u>24,348</u>
<b>Non Current</b>		
Subscriptions in Advance	14,285	14,285
	<u>14,285</u>	<u>14,285</u>
<b>19 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>

**20 Commitments for Expenditure**

**a) Financing Commitments**

Total commitments in respect of Finance Leases are as follows:

	2019		2018	
	Minimum	\$ Present Value of	Minimum	\$ Present Value of
Not later than One Year	119,333	108,948	82,602	75,794
Later than One Year and not Later than Five	99,095	93,682	61,189	58,909
Later than Five Years	-	-	-	-
Total Minimum Lease Payment	<u>218,428</u>	<u>202,630</u>	<u>143,791</u>	<u>134,703</u>
Less: Amounts Representing Finance Charges	15,798	-	9,088	-
Present Value of Minimum Lease Payment	<u>202,630</u>	<u>202,630</u>	<u>134,703</u>	<u>134,703</u>
<i>Weighted average interest rate on Finance Arrangements</i>		6.79%		4.92%

**b) Capital Commitments**

The Company has entered into the following capital commitments:

Deck Extension and Café Renovation	-	950,214
Wangi Shores - Pool Improvements	49,610	220,000
Total	<u>49,610</u>	<u>1,170,214</u>

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**21 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**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
The total of remuneration paid to key management personnel of the Company during the year was as follows:		
Short term employment benefits	115,786	119,714
Long term employment benefits	2,053	2,053
Post employment benefits	11,167	10,768
	129,006	132,535

**Other**

Director I Towe provided services to the Company under normal trade conditions, with the total paid/payable during the year being \$2,668.

**22 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 6.65%.

The Company financed the acquisition of the car park with a variable rate loan with a balance due of \$150,000 at 30 June 2019 from the Commonwealth Bank. The facility is interest only for 3 years to November 2020. The current rate on the facility is 4.98% per annum.

The Company financed the construction of the Market St Cafe with a variable rate loan with a balance due of \$1,000,000 at 30 June 2019 from the Commonwealth Bank. The facility is interest only for 2 years and 8 months to May 2021. The current rate on the facility is 4.82% 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 an allowance for impairment when it is expected that any receivables and financial assets at amortised cost are not collectable. This allowance consists of allowances for specific amounts (refer Note 9 and 10).

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 2019 is \$2,142,793 (2018: \$1,795,882) arising from receivables and financial assets at amortised cost.

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

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**FOR THE YEAR ENDED 30 JUNE 2019**

**22 Additional Financial Instrument Disclosure (continued)**  
**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 Residents Loan - Wangi Shores 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:

<i>Financial Liabilities</i>	Carrying Amount	Contractual Cash Flows	0-12 Months	1-2 Years	More than 2 Years
	\$	\$	\$	\$	\$
Trade Payables	233,592	233,592	233,592	-	-
Other Payables	2,096,000	2,096,000	2,096,000	-	-
Resident Loans	22,609,770	22,609,770	22,609,770	-	-
Secured Borrowings	1,150,000	1,301,166	55,670	201,313	1,044,183
Finance Leases	202,630	218,428	119,333	64,719	34,376
Insurance Financing	75,130	77,213	77,213	-	-
	<u>26,367,122</u>	<u>26,536,168</u>	<u>25,191,578</u>	<u>266,032</u>	<u>1,078,559</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 amounts that approximate net fair value.

**23 Contingent Liabilities**

The Company has contingent liabilities in respect of:

	<b>2019</b>
	<b>\$</b>
Security Deposit: TAB NSW	5,000 Since 28.02.1996
Total Bank Guarantee approved	<u>5,000</u>

The Company has a contractual agreement with another party ( the "Project Partner") in relation to the construction of the retirement village project, which contains a sunset clause that expires in August 2020. Should the agreement not be extended by both parties, the Club is required to make a payment to the Project Partner which is calculated based on the number of incomplete Villa's at that time. At the date of this report the Directors expect that the agreement will be extended and the project will be completed with the support of the Project Partner.

**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 2019, the Company's contingent commitment was \$7,800 (78 members) (2018: \$8,800). Payments to members are taken up as an expense in the year in which the payments are made.

**24 Security Details**

The Commonwealth Bank security position in regards to the Market Rate Loan and Better Business Loan, refer Note 16, 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;

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales / revenues from external customers	3,903,445	3,639,752	1,492,146	1,350,792
Segment result (before tax)	(47,900)	102,144	(278,074)	(298,156)
Segment Assets	6,649,604	5,668,687	28,088,154	28,037,204
Segment Liabilities	1,909,443	937,516	24,716,369	24,330,455

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.

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**SUMMARY PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<b>TRADING ACCOUNT</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>STATEMENT OF BAR TRADING</b>		
Sales	1,233,632	1,203,087
Less Cost of Sales	<u>(469,286)</u>	<u>(480,255)</u>
Gross Profit	764,346	722,832
Less Direct Expenses	<u>(290,042)</u>	<u>(326,436)</u>
Net Profit	<u>474,304</u>	<u>396,396</u>
<b>STATEMENT OF COFFEE SHOP TRADING</b>		
Sales	136,144	-
Less Purchases	<u>(66,839)</u>	<u>-</u>
Gross Profit	69,305	-
Less Direct Expenses	<u>(201,750)</u>	<u>-</u>
Net Profit	<u>(132,445)</u>	<u>-</u>
<b>STATEMENT OF POKER MACHINE OPERATIONS</b>		
Net Revenue	2,051,657	1,959,570
Less Direct Expenses	<u>(604,717)</u>	<u>(562,605)</u>
Net Profit	<u>1,446,940</u>	<u>1,396,965</u>
<b>STATEMENT OF PAPER GAMING</b>		
Commission Income	166,951	141,465
Less Direct Expenses	<u>(47,661)</u>	<u>(52,539)</u>
Net Profit/(Loss)	<u>119,290</u>	<u>88,926</u>
<b>OTHER INCOME</b>	315,061	335,630
<b>TOTAL CLUB INCOME</b>	<u>2,223,150</u>	<u>2,217,917</u>
<b>LESS CLUB EXPENSES</b>		
Members Amenities	(603,688)	(577,906)
Clubhouse	(424,656)	(422,695)
Administration and Other	<u>(1,242,706)</u>	<u>(1,115,172)</u>
<b>TOTAL CLUB EXPENSES</b>	<u>(2,271,050)</u>	<u>(2,115,773)</u>
<b>NET PROFIT FOR CLUB</b>	<u><b>(47,900)</b></u>	<u><b>102,144</b></u>
<b>STATEMENT OF SUMMERHILL PARK OPERATIONS</b>		
Gross Income	614,319	598,332
Less Direct Expenses	<u>(353,400)</u>	<u>(370,815)</u>
Net Profit/(Loss)	<u>260,919</u>	<u>227,517</u>
<b>STATEMENT OF WANGI SHORES RETIREMENT VILLAGE OPERATIONS</b>		
Gross Income	877,827	752,460
Less Direct Expenses	<u>(1,029,820)</u>	<u>(914,633)</u>
Net Profit/(Loss)	<u>(151,993)</u>	<u>(162,173)</u>
<b>OPERATING PROFIT/(LOSS) BEFORE INCOME TAX</b>	61,026	167,488
Income Tax Expense / (Benefit)	-	-
<b>OPERATING PROFIT/(LOSS) AFTER INCOME TAX</b>	<u>61,026</u>	<u>167,488</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Finance Charge / (Expense)	<u>(387,000)</u>	<u>(363,500)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u><b>(325,974)</b></u>	<u><b>(196,012)</b></u>
<b>RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	8,195,409	8,391,421
<b>RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR</b>	<u>7,869,435</u>	<u>8,195,409</u>