



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

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

**WANGI DISTRICT WORKERS CLUB
PRESIDENTS REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Firstly, I would like to thank my fellow Board Members for their support through a very hard 2020.

My thanks go out to all of the staff for a great job through the COVID period, keeping the Club and its members safe, well done.

Thanks to the administration crew for all the hard work they have put into the Club and Coffee Shop.

I think the Club has made a great decision appointing Juston as CEO and Kelly as Ops manager, they make a great team.

The Board has had to make some hard decisions this year due to COVID which didn't suit everyone, but they were made for the benefit of the Club.

Thanks to all the members and friends for the great support in very trying times.

Let's hope next year is bigger and better.

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 2020

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

It has been customary during previous Reports to present a range of operating statistics and provide comparisons with the Annual Budget, as an indication of the Club's financial performance. This approach will still be applied – but has marginal relevance due to the impact of Covid-19 restrictions imposed by the Government and Health authorities.

Club trading was terminated on Monday 23rd March, including Market Street Café. The Café reopened on Thursday 23rd April for take-away service only.

The Bistro reopened for dinner only on Thursday 21st May – three sessions each for a maximum of 10 people, with table service for refreshments. No other Club services were available. The Café recommenced normal trading, subject to social-distancing provisions.

On 1st June, Covid-19 restrictions were further eased, allowing 50 people per 'room' governed by the 4-square metre rule. Bar and bistro opened for lunch and dinner. The gaming room reopened. Raffles recommenced on Friday 19th June. Euchre, Bingo, Hoi and similar interactive activity remained curtailed and these limitations still applied to the end of the financial year.

During this period (and continuing through to September) most Club employees were entitled to Government Job Keeper subsidy. Foxtel and Sky-channel subscriptions were suspended, the Government allowed deferral of poker machine Duty Tax, Banks provided interest and loan payment relief – all of which assisted in management of cash flow, and favourably impacted the Club profitability during this trading hiatus.

It was estimated that the cessation of trading operations resulted in a monthly loss of approximately \$20,000 – attributable to normal overheads such as rates, electricity, administrative and management salaries, insurance, motor vehicle expense, repairs and maintenance, security and accounting.

At the end of February, the Club core business was showing a surplus of \$8,596.

The following financial analysis reflects the interruption to normal trading outlined above.

Club Operations recorded a loss for the year of \$21,154 compared to \$84,551 profit in 2019 and well below the budgeted profit of \$3,611. This result is after provision for Depreciation of \$503,290.

Bar net profit of \$335,217 was well below \$474,305 in 2019, and well under budget. Bar sales were down to \$1,077,194 compared to \$1,233,632 in 2019. This gives some idea of the Covid-19 impact.

Similarly poker machine net profit was \$1,113,458 relative to \$1,446,939 last year. Since reopening, 'social distancing' has prevailed in the poker machine area, limiting patron numbers at any one time, and effectively rendering half the poker machine redundant at peak times.

Keno /TAB operations were significantly impacted with net profit of \$85,541 markedly below budget of \$135,732 and 2019 profit of \$119,290.

Summation of the above trading results, with an aggregated trading profit of \$1,534,216 was \$517,042 below budget, and dramatically below the 2019 result of \$2,040,534.

During Covid-19 shutdown, the majority of Club casual staff were entitled to Job Keeper support payments from the Government. Many of them were still employed on major decluttering, and deep-cleaning of Club facilities and furnishings, and their salaries costed to the above 'trading operations'. This impost was compensated by Job Keeper and Covid-19 Cash Boost payments accounted separately under other Income.

Income from other sources (commissions, membership subscriptions, courtesy car, raffles) of \$261,877 was understandably down on 2019 figure of \$315,061. Government Covid-19 Job Keeper and Cash Boost payments amounted to \$286,214, off-setting the 'down-side' trading impact of the pandemic shutdown.

Total Income for the year arising as outlined above was \$2,082,307, used to meet the following Expense categories.

Members amenities costs of \$507,473 declined sharply compared to \$603,688 recorded last year – clearly a consequence of the 3-month Covid-19 shutdown.

Clubhouse expenses (depreciation, Council rates, and repairs and maintenance – minimally impacted by Covid-19) were \$420,824 - \$3,826 less than 2019 and effectively on budget.

Administration expenses (including interest) at \$1,175,1648 were \$67,542 less than the previous year, and \$103,916 under budget. Reduction in costs of security, promotions, electricity and gas, subscriptions, and some salary-related expenses were Covid-related, partially off-set by increases in Bank interest and charges, and Insurance.

Expenses across the three areas of Members Amenities, Clubhouse and Administration totalling \$2,103,461 were below the 2019 level of \$2,271,044, but in excess of the above income total of \$2,082,307, resulting in the loss of \$21,154.

Market Street Café

At the end of February, the Café operations were showing a loss of \$57,819. (This deficit included \$23,649 in depreciation and interest charges). So its operation was losing on average \$876 per week. The Coffee Shop ceased trading totally for a month at the start of Covid-19, and reopened progressively from late-April.

At the end of the financial year, the annual loss was \$81,340 (which included \$35,241 in depreciation and interest). So the disjointed trading arrangements since April virtually maintained the status quo through to the end of June.

However during this interval, there were some significant influences which impacted on the Coffee Shop trading parameters

- Covid-19 isolation and mobility constraints cause people to stay 'closer to home' than might otherwise have been the case – but still with a need for some leisure and relaxation pursuits. Coffee Shop patronage seemed to benefit from this situation.
- As a consequence of Phil Ticehurst's departure and Juston Baillie's appointment as CEO early in the New Year, the Club advertised for a replacement Operations Manager, and Kelly Bryant was appointed – taking up duty in mid-April, notwithstanding Covid-19 shutdown. Kelly has been instrumental in 'overhauling' the Coffee Shop menu, with a variety of innovative changes that have been well received by patrons.
- "The Deck" at Wangi closed its doors late in 2019 which no doubt was a beneficial development for the Club's Market Street Café.

These considerations are relevant in the context of the above trading figures – which reflect coffee shop weekly sales averaging \$5,361 for the 47 weeks of the year during which the facility was open.

For the first four months of the 2020-21 financial year, average weekly sales have been \$9,290 - in a dramatic turn-around, and the Board believes an indication that the Market Street Café has 'come of age'. The 'unknown' in such conclusion is the impact that Job Keeper funding terminating at the end of September will have – but we are optimistic that patronage will continue at close to current levels.

Investment Property Accounting

The Australian Accounting Standards allow two methods of reporting on the financial performance of Investment Properties – in the case of the Club, Summerhill Park and Wangi Shores. . . . either the Cost Method, where assets are brought onto the Club's books at cost, and depreciation is charged to the annual Profit / Loss account, or the Fair Value Method, where an annual valuation is carried out, and any variation year-on-year is applied to the Profit / Loss. Whatever method is chosen, it must be applied consistently to all Investment Property assets.

To date, the Club's accounting processes have applied the Cost method. The Accounting Standards "allow the Club to voluntarily change its accounting policy if the change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Club's financial position, financial performance or cash flows".

Taxation treatment of Investment Property is consistent, no matter which method is applied, so the issue had no implications from a Tax perspective.

After thorough review of the circumstances, including a detailed analysis and report by DFK Crosbie – the Club's accountants and auditors – the Board elected to transfer to the Fair Value method. The 2019-20 accounts for Summerhill Park and Wangi Shores are presented on this basis.

So that the current year's financial performance is clearly evident, the last two years' financial data for Summerhill Park and Wangi Shores have been recalculated using the Fair Value method, so that year-on-year comparisons in this Annual Report are consistent and valid.

The Club's Trading Operations are still reported without change, as they have always been – with Assets brought onto the books at Cost, and depreciation provisions made in the accounts, consistent with the expected life of those assets. The change relates only to Investment Properties.

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 \$1,241,662, resulting from Rental Income of \$632,873, plus Valuation Increase of \$772,015, less Operating Expenses of \$163,226.

Rental income of \$632,873 increased by \$18,554 as market-rental-rates regime took effect when tenancies 'turned over'. The Valuation increase figure of \$772,015 was \$493,664 more than the equivalent 2019 parameter.

Repairs and maintenance cost at \$53,122 effectively plateaued, and was primarily applied to refurbishment of several units 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 via Recurrent Charges (a weekly 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, valuation adjustment . . . and the like.

Wangi Shores Operations (funded via Recurrent Charges) recorded a loss of \$149,786 versus a loss last year of \$92,022 – and slightly less than budgeted loss of \$151,101. Three Units in Block J remained 'unsold' during the year, with zero contribution to Village operation. Several expense items are geared to the completed Village of 90 Units, so contribute disproportionately to this bottom-line. Income from Recurrent Charges of \$338,643 was closely aligned with the budget. Repairs and maintenance expense at \$146,291 increased by \$47,085 over \$99,206 in 2019, accounting for almost all the loss increase. Other expenses showed minor fluctuations – some increasing, others decreasing – giving minimal overall movement.

The Owner (Non-Recurrent) elements of Wangi Shores finances resulted in a profit of \$196,117, with Deferred Management Fees of \$540,710 (brought to account, but not payable until the respective premises are vacated by existing residents), and Departure Fees (realised as a result of the 'sale' of Villas during the year) of \$69,074 off-set by Expenses of \$413,667.

Because Wangi Shores residents retain 100% of any capital gain, any increase in fair value of the Villas show as a corresponding increase to the residents loan. The fair value adjustment of \$363,502 relates to a \$315,000 decrease in the fair value of surplus land \$315,000 (which will eventually be used for Wangi Shores but for now remains surplus and therefore valued separately) as well as some improvements to the village which can no longer be carried on the balance sheet following adoption of the fair value methodology.

Expenses included Land Tax of \$7,750 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 Unit 'sales' of \$6,213.

The 5-Year Development Deed with Simhil Retirement Living Pty Ltd came to a conclusion in August 2020. Simhil declined to continue with further project implementation, and the Deed was terminated. In concluding the termination arrangements with Simhil, the Club was obliged to purchase equity in the Clubhouse, Amenities and associated Improvements (Pool, BBQ area, Car-wash Bay, Landscaping and services for subsequent Stages of the Village) that would have provided Simhil reimbursement had they proceeded with development of the further 41 Units as per the Development Application Approval. This settlement required the Club to borrow \$3 million to 'buy out' Simhil equity in the project.

Furthermore, Simhil are entitled to the net proceeds from 'sale' of the three remaining Units in Block J – which are included as Club Assets in the Fair Value determination of the value of Wangi Shores. These two elements make up the \$4,802,000 liability under "Other Payables" as a Simhil entitlement.

The current 49 Unit Village will continue to be operated by the Club, and the Board is currently consolidating its position, with options to undertake further development to be explored.

Overall Performance

Aggregation of the results from the above 'business units' gives the following Table.

| Business Unit | 2019-20 Result | 2019-20 Budget |
|----------------------|-----------------------|-----------------------|
| Club core business | (\$21,154) | \$3,611 |
| Market Street Café | (\$81,340) | (\$63,982) |
| Summerhill Park | \$1,241,662 | \$245,243 |
| Wangi Shores | \$46,331 | (\$90,247) |
| Totals | \$1,185,499 | \$94,625 |

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

i.e. the Club's commercial trading activities resulted in a surplus of \$1,185,499 for the year, against a budgeted surplus of \$94,625 and a surplus last year of \$795,988. This 'bottom line' includes provision for depreciation totalling \$504,737, Deferred Management Income of \$540,710 earned, but not payable until Residents' departure from Wangi Shores, and Fair Value adjustments of \$408,513. (Summerhill Park increase of \$772,015 less Wangi Shores decrease of \$363,502).

Wangi Shores Accounting Adjustments

Previous Annual Reports have explained in detail the impact of Capital Gains on resold Wangi Shores Units – necessary because of the Residents' Loans (which increase by the quantum of any capital gain) sitting as a liability on the Club's Balance Sheet. The shift to Fair Value accounting negates this influence, and the difficulty in addressing this concept.

Balance Sheet

During the year, the Club's Current Assets increased to \$1,462,340 from \$959,979 last year, with over \$950,000 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.

Previous borrowings for purchase of the Club car-park from Lake Macquarie City Council at \$150,000 and a separate loan of \$1,000,000 to fund the deck and coffee shop development were maintained as "interest only" during the year.

The Liability side of the Balance Sheet is heavily distorted by classification of Wangi Shores Residents' 'Sales' Loans (to be refunded when residents vacate the Village) as "Current Liabilities" – comprising \$22,990,770 of Existing Resident Entry Payments and \$7,941,230 of Fair Value Capital gain - \$30,932,000 (84.8%) of the Club's Current Liabilities.

Putting aside this 'distortion', the Club's ratio of Current Assets (\$1,462,340) to Current Liabilities (\$5,531,077) is 0.26 : 1 – down from 1.21 : 1 in 2018-19, and severely impacted by the above Simhil Retirement Living obligation of \$4,802,000. This liability will be discharged via 'sales' income from the three currently unsold Units, plus a Bank Loan for most of the remainder, which will be 'non-current'. If a further adjustment to Current Liabilities is made for this amount, down to \$729,077, the Liquidity ratio becomes 2.01 : 1.

R. J. (Bob) Porter

A handwritten signature in black ink, appearing to read 'R. J. Porter', with a horizontal line drawn underneath the signature.

Hon. Treasurer
October 2020

WANGI DISTRICT WORKERS CLUB LIMITED
CEO REPORT
FOR THE YEAR ENDED 30 JUNE 2020

It is with great pride that I was able to accept the CEO position for the club during the year. I look forward to the challenge of leading the club into the future.

To the President Rod Boyson and the Board of Directors I pass on my gratitude for the opportunity to accept the position, and for the countless hours, meetings, emails, discussions, and advice to govern the club for future prosperity.

I would like to formally thank Phillip Ticehurst for his commitment to the Club as the CEO for the past 13 years. I personally would not have been in the position to be considered for a lead role in the club industry without his mentorship and guidance. I wish Phillip well in his new role, I am sure he will be successful in any path he chooses.

We have been fortunate enough to welcome Kelly Bryant as the Clubs Operations Manager this year. I commend her for her enthusiasm and commitment to success in all facets of her new role. Kelly has been resolute in her support for our management team and simultaneously been able to inspire our staff to maintain the highest of standards.

I sincerely thank our management team, Kelly Bryant, Natalie Ruse, Cathy Ware and Rick Ware, for their diligence and support throughout the year as we have navigated our way through an ever changing operating environment and constant changes to COVID – 19 social distancing restrictions. As a result, I feel we delivered the safest possible facilities for our members, residents, and the community at large. I am extremely proud to have you all as part of our management team.

Our team of staff have continually delivered the highest standard of service and professionalism despite ever changing policies and procedures. During the lockdown period they meticulously prepared the club for the re-opening and gave the club a much needed clean out. Most importantly I admire the way they looked out for each other during the shutdown period and beyond.

A special mention for Sharon Herd who achieved 30 years of continual service to the club in 2020.

Also, Mary Ann Guy who retired this year after 22 years of service. We wish you well for your retirement.

Without naming them all I must commend all our business partners and service providers that acted in the spirit of community during the COVID – 19 pandemic shutdown by accepting and refunding stock returns, placing holds on agreements, payments, services and supporting the club through the most difficult of circumstances despite suffering financial losses as a result.

To the members thank you for your continued patronage and support. Be assured we are constantly working towards delivering greater benefits in service and facilities. We look forward to seeing you at the club.



Juston Baillie
Chief Executive Officer
Wangi District Workers Club



**Wangi District
Workers' Club Limited**

ACN 001 029 241

**Annual Financial Report
for the year ended 30 June 2020**

Wangi District Workers' Club Limited ACN 001 029 241

Annual financial report for the year ended 30 June 2020

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These financial statements are the financial statements of Wangi District Workers' Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 29 October 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Wangi District Workers' Club Limited (the Club) for the year ended 30 June 2020.

Directors details

The following persons were Directors of Wangi District Workers' Club Limited during the financial year, and up to the date of this report:

Mr Rodney Boyson

President
Director since 2008
37 years as Mining Deputy

Mr Robert Smiles

Vice President
Director since 2013
Internal auditor for Qantas for 25 years as well as other divisional and administrative management roles.

Mr Robert Porter

Treasurer
Director since 2002 (14 previous years served as a Director)

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.

Mr Norman Anderson

Director
Director since 2006

Qualified Electrician - worked in many industries including mining. Also spent some years as an insurance sales representative.

Mr Michael Mason

Director
Director since 2011

50 years experience as Construction Manager, mainly in water and sewerage infrastructure.

Mr Luke James

Director
Director since 2019

Qualified Chef. 18 years mining experience with 15 of those in senior management roles.

Mrs Deborah McMullen

Director
Director since 2019

40 years' experience in office administration in numerous industries including real estate, insurance and health.

Company secretary

Juston Baillie is the Club Chief Executive Officer. Juston has been an employee of Wangi District Workers' Club Limited for 14 years, and has been Company Secretary since January 2020.

Director's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each director is as follows:

| Board members | Board meetings | |
|----------------------|-----------------------|----|
| | A | B |
| Mr Rodney Boyson | 12 | 12 |
| Mr Robert Smiles | 12 | 11 |
| Mr Robert Porter | 12 | 10 |
| Mr Norman Anderson | 12 | 11 |
| Mr Michael Mason | 12 | 9 |
| Mr Luke James | Elected at AGM | 8 |
| Mrs Deborah McMullen | Elected at AGM | 7 |
| Mr Ian Towe | Did not stand at AGM | 4 |
| Mr Darryl Daniels | Not re-elected at AGM | 3 |

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

The AGM was held on 20 October 2019.

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2020, the following land and buildings are considered to be core and non-core property:

Core - Land and Buildings upon which the Club and waterfront carpark is situated, being 7-19 Market Street, Wangi Wangi, together with the car park located at 2 David Street, Wangi Wangi.

Non-Core

- 3 and 5 Market Street, Wangi Wangi
- Summerhill Mobile Park located at 4 Minnamooora St, Wangi Wangi
- Wangi Shores Retirement Village located at 11A Dobell Drive, Wangi Wangi

Principal activities

During the year, the principal activities of the Club was the running of a licensed Club for the benefit of its members and to meet the Club's objectives under its constitution.

There have been no significant changes in the nature of these activities during the year.

Objectives

The Club's long and short-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.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Club consisted of:

- (a) maintaining and increasing existing revenue levels;
- (b) controlling costs to remain profitable which will allow the Club's premises to be continually improved.

Performance measurement

The Club measures its performance through both financial and non financial key performance indicators that have been developed relevant to the Club industry.

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$6 each towards meeting any outstanding obligations of the Club. At 30 June 2020, the total amount that members of the Club are liable to contribute if the Club is wound up is \$30,396 (2019: \$35,100).

Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' report.

This report is made in accordance with a resolution of the Directors.



Rodney Boyson - President



Robert Porter - Treasurer

Dated: 29 October 2020

Auditor's independence declaration

To the Directors of Wangi District Workers' Club Limited

In accordance with the requirements of Corporations Act 2001, as lead auditor for the audit of Wangi District Workers' Club Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 29 October 2020
Newcastle West

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

| | | 2020 | 2019 |
|---|------------|--------------------|------------------|
| | | \$ | (Restated) \$ |
| Revenue from continuing operations | Notes 2 | 4,962,687 | 5,386,936 |
| Other Income | 3 | 1,063,800 | 304,187 |
| Bar cost of goods sold | | (431,294) | (469,286) |
| Bar direct expenses | | (310,683) | (290,042) |
| Coffee shop cost of goods sold | | (86,974) | (66,839) |
| Coffee shop direct expenses | | (226,009) | (163,777) |
| Gaming direct expenses | | (547,076) | (611,024) |
| Paper gaming expenses | | (35,490) | (47,661) |
| Summerhill park direct expenses | | (163,227) | (174,203) |
| Wangi shores retirement village expenses | | (902,185) | (752,402) |
| Borrowing expenses | | (69,348) | (60,552) |
| Members amenities | | (507,473) | (603,689) |
| Clubhouse operations | | (420,824) | (424,650) |
| Administration expenses | | (1,140,396) | (1,231,003) |
| | | (4,840,979) | (4,895,128) |
| Profit / (loss) before income tax | | 1,185,508 | 795,995 |
| Income tax expense | | - | - |
| Profit / (loss) for the year | | 1,185,508 | 795,995 |
| Other comprehensive income | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income / (loss) for the year | | 1,185,508 | 795,995 |

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

Statement of financial position

For the year ended 30 June 2020

| | | 2020 | 2019 |
|--------------------------------------|-------|-------------------|-------------------|
| | Notes | \$ | (Restated) \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 999,036 | 572,719 |
| Trade receivables | 6 | 2,184 | 7,482 |
| Inventories | 7 | 53,856 | 48,647 |
| Financial assets at amortised cost | 8 | 284,313 | 209,470 |
| Other assets | 9 | 122,951 | 121,661 |
| Total current assets | | 1,462,340 | 959,979 |
| Non-current assets | | | |
| Financial assets at amortised cost | 8 | 2,422,411 | 1,925,841 |
| Property, plant and equipment | 10 | 5,555,287 | 5,878,681 |
| Investment properties | 11 | 44,354,000 | 40,814,000 |
| Right-of-use asset | 12 | 58,399 | - |
| Total non-current assets | | 52,390,097 | 48,618,522 |
| Total assets | | 53,852,437 | 49,578,501 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 5,141,804 | 2,383,201 |
| Financial liabilities | 14 | 32,240,150 | 31,894,078 |
| Provisions | 15 | 136,199 | 175,864 |
| Other liabilities | 16 | 35,948 | 21,705 |
| Lease liabilities | 12 | 24,838 | - |
| Total current liabilities | | 37,578,939 | 34,474,848 |
| Non-current liabilities | | | |
| Financial liabilities | 14 | 47,161 | 93,682 |
| Provisions | 15 | 16,665 | 16,225 |
| Other liabilities | 16 | 15,813 | 14,285 |
| Lease liabilities | 12 | 28,890 | - |
| Total non-current liabilities | | 108,529 | 124,192 |
| Total liabilities | | 37,687,468 | 34,599,040 |
| Net assets | | 16,164,969 | 14,979,461 |
| MEMBERS FUNDS | | | |
| Reserves | 18 | 242,511 | 242,511 |
| Retained profits | | 15,922,458 | 14,736,950 |
| Total members funds | | 16,164,969 | 14,979,461 |

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

Wangi District Workers' Club Limited

Statement of changes in equity

For the year ended 30 June 2020

| | Reserves | Retained Profits (Restated) | Total (Restated) |
|--|-----------------|--|-----------------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2018 (Restated) | 242,511 | 13,940,955 | 14,183,466 |
| Profit for the year (Restated) | - | 795,995 | 795,995 |
| Total comprehensive income for the year | - | 795,995 | 795,995 |
| Balance at 30 June 2019 (Restated) | 242,511 | 14,736,950 | 14,979,461 |
| Profit for the year | - | 1,185,508 | 1,185,508 |
| Total comprehensive income for the year | - | 1,185,508 | 1,185,508 |
| Balance at 30 June 2020 | 242,511 | 15,922,458 | 16,164,969 |

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

Statement of cash flows

For the year ended 30 June 2020

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from members and customers | | 4,869,744 | 5,404,369 |
| Payments to suppliers and employees | | (4,182,578) | (4,442,274) |
| Interest received | | 71 | 330 |
| Interest paid | | (69,348) | (60,552) |
| Government stimulus | | 186,500 | - |
| Net cash inflow (outflow) from operating activities | | 804,389 | 901,873 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (213,309) | (1,441,290) |
| Proceeds from sale of property, plant and equipment | | 5,500 | 26,780 |
| Payments for investment properties | | (76,487) | (412,233) |
| Net cash inflow (outflow) from investing activities | | (284,296) | (1,826,743) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 130,054 | 1,304,240 |
| Repayment of borrowings | | (202,503) | (273,103) |
| Repayment of lease liabilities | | (21,327) | - |
| Net cash inflow (outflow) from financing activities | | (93,776) | 1,031,137 |
| Net increase in cash and cash equivalents | | 426,317 | 466,452 |
| Cash and cash equivalents at the beginning of the financial year | | 572,719 | 106,267 |
| Cash and cash equivalents at the end of the financial year | 5 | 999,036 | 572,719 |

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

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies

(a) 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 Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs, except for investment properties which have been measured at fair value. The financial report is presented in Australian Dollars.

(c) New and amended standards adopted by the Club

The Club has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies stated below:

AASB 15 Revenue from Contracts with Customers

The Club has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2019. AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer/member. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers/members.

AASB 15 has been applied by the Club in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new policies are set out in note 2.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club employed the modified retrospective approach for adoption as at 1 July 2019.

The adoption has impacted the annual financial statements as follows:

The Club concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Club has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. The Club issues vouchers as part of raffle, bingo and promotion prizes where customers can redeem the vouchers for discounted or free goods or services. It was determined that the impact of the loyalty programs and vouchers issued as prizes on 1 July 2019 and 30 June 2020 was immaterial.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

AASB 16 Leases

The Club has adopted AASB 16 'Leases' from 1 July 2019. AASB 16 Leases ('AASB 16') removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club has elected to apply the modified retrospective method of adoption from the date of initial application, which allows the Club to not restate comparative financial statement information.

The adoption has impacted the annual financial statements as follows:

As a result of the adoption of AASB 16, there has been no impact on the Statement of Financial Position or Statement of Profit and Loss of the Club.

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)**(d) Changes to accounting standards adopted by the Club***AASB 140 Investment Properties*

The Club has changed the basis of measurement of its investment property assets from the cost method to the fair value method, as they believe this will provide more reliable and relevant information to the users of the financial statements. As a result of this change in accounting policy, the following changes have been made to the comparative financial statements:

- a) Restated the value of Investment properties for Wangi Shores Retirement Village and Summerhill Park to fair value at 30 June 2019 and 30 June 2018.
- b) As a result of the restatement of Wangi Shores Retirement Village Investment property, the liability relating to the unsold villa's has also been restated to reflect the updated valuation.
- c) As a result of the restatement of Wangi Shores Retirement Village Investment property, the resident loans have also been restated to reflect the residents share of capital gain on the individual Villa's included within the investment property asset.
- d) Depreciation is no longer recognised under the fair value method.
- e) Finance charge in relation to the capital gain retained by resident on sale of Villa's is now reflected in the fair value of the Villa.

These accounting policy changes have been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | | 30 June 2019 | Restatement | (Restated) 30 June 2019 |
|--|---------|-------------------------|--------------------|--|
| Property, plant and equipment | | 5,860,811 | 17,870 | 5,878,681 |
| Investment properties | (a) | 25,991,127 | 14,822,873 | 40,814,000 |
| Trade and other payables | (b) | (2,360,203) | (22,998) | (2,383,201) |
| Financial liabilities | (c) | (23,943,848) | (7,950,230) | (31,894,078) |
| Retained profits | | (7,869,435) | (6,867,515) | (14,736,950) |
| Other income | (a) | 25,833 | 278,354 | 304,187 |
| Summerhill park direct expenses | (d) | (353,400) | 179,197 | (174,203) |
| Wangi shores retirement village expenses | (a),(d) | (1,029,820) | 277,418 | (752,402) |
| Profit / (loss) before income tax | | 61,026 | 734,969 | 795,995 |
| Finance Income/(expense) on change in loans payable to Village Residents | (e) | (387,000) | 387,000 | - |
| Total Comprehensive Income / (Loss) for the year | | (325,974) | 1,121,969 | 795,995 |

In addition, the retained earnings at 1 July 2018 have been restated from \$8,437,920 to \$14,183,466.

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

(e) Working capital deficiency and going concern basis of preparation

As at 30 June 2020, Wangi District Workers' Club Limited has a working capital deficiency of \$36,116,599.

The working capital deficiency is caused by the following:

- (a) residents loan of \$30,932,000 being included as all current in financial liabilities;
- (b) bank loans of \$1,150,000 being included as all current in financial liabilities, with \$1,000,000 of this amount due to expire within 12 months and the balance 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;
- (c) other payables to the Wangi Shores Retirement Village project partner of \$4,802,000 being included as all current in other payables.

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.

In addition the Directors make reference to the following:

- (a) The Club generated positive net operating cashflows of \$804,389 and a profit of \$1,185,508 during the current year.
- (b) The Club has a cash balance at 30 June 2020 of \$999,036.
- (c) The Directors are of the opinion that in regards 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
- (d) Subsequent to year end the Bank loan of \$1,150,000 have been refinanced for a further 5 year term and will not be required to be paid in full within the next 12 months.
- (e) The amount payable to the Wangi Shores Retirement Village project partner of \$4,802,000 is expected to be settled partly from a simultaneous cash inflow upon sale of the remaining unsold Villas, and partly through additional borrowings from the Commonwealth Bank which have been secured subsequent to year end.
- (f) The Club has budgeted positive net operating cashflows of \$791,339 for the 2021 financial year.
- (g) The Club has access to an unused Business Line of Credit Facility of \$500,000 from the Commonwealth Bank.
- (h) The Directors do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank.

The Directors are of the opinion the above will be achieved and the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(g) Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services:

| | Beverage and Food Revenue | Gaming revenue | Member- ship revenue | Raffle and bingo revenue | Summerhill Park revenue | Retirement village revenue | Other revenue | Total |
|---------------------------------------|------------------------------|-------------------|----------------------------|--------------------------------|----------------------------|----------------------------------|------------------|------------------|
| 2020 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | 1,329,177 | 1,778,626 | 18,973 | 172,454 | - | - | 64,887 | 3,364,117 |
| Other revenue (not covered by AASB15) | - | 17,180 | - | - | 632,873 | 948,517 | - | 1,598,570 |
| | <u>1,329,177</u> | <u>1,795,806</u> | <u>18,973</u> | <u>172,454</u> | <u>632,873</u> | <u>948,517</u> | <u>64,887</u> | <u>4,962,687</u> |

Timing of revenue recognition

| | | | | | | | | |
|--------------------|------------------|------------------|---------------|----------------|----------------|----------------|---------------|------------------|
| At a point in time | 1,329,177 | 1,778,626 | - | 172,454 | - | - | 64,887 | 3,345,144 |
| Over time | - | 17,180 | 18,973 | - | 632,873 | 948,517 | - | 1,617,543 |
| | <u>1,329,177</u> | <u>1,795,806</u> | <u>18,973</u> | <u>172,454</u> | <u>632,873</u> | <u>948,517</u> | <u>64,887</u> | <u>4,962,687</u> |

| | Beverage and Food Revenue | Gaming revenue | Member- ship revenue | Raffle and bingo revenue | Summerhill Park revenue | Retirement village revenue | Other revenue | Total |
|---------------------------------------|------------------------------|-------------------|----------------------------|--------------------------------|----------------------------|----------------------------------|------------------|------------------|
| 2019 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue from contracts with customers | 1,369,776 | 2,218,608 | 18,327 | 180,584 | - | - | 90,315 | 3,877,610 |
| Other revenue (not covered by AASB15) | - | 17,180 | - | - | 614,319 | 877,827 | - | 1,509,326 |
| | <u>1,369,776</u> | <u>2,235,788</u> | <u>18,327</u> | <u>180,584</u> | <u>614,319</u> | <u>877,827</u> | <u>90,315</u> | <u>5,386,936</u> |

Timing of revenue recognition

| | | | | | | | | |
|--------------------|------------------|------------------|---------------|----------------|----------------|----------------|---------------|------------------|
| At a point in time | 1,369,776 | 2,218,608 | - | 180,584 | - | - | 90,315 | 3,859,283 |
| Over time | - | 17,180 | 18,327 | - | 614,319 | 877,827 | - | 1,527,653 |
| | <u>1,369,776</u> | <u>2,235,788</u> | <u>18,327</u> | <u>180,584</u> | <u>614,319</u> | <u>877,827</u> | <u>90,315</u> | <u>5,386,936</u> |

(c) Accounting policies and significant judgements

The Club recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Club is or expects to be entitled in exchange for those goods or services.

The Club considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Beverage and Food revenue

Revenue from the sale of food and beverages is recognised at a point in time when the physical control of the goods passes to the customer.

(ii) Gaming revenue

Revenue from rendering services from gaming facilities to members and other patrons of the Club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission revenue where the Club acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transaction has been completed.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue (continued)**(c) Accounting policies and significant judgements (continued)***(iii) Membership revenue*

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

(iv) Raffle and bingo revenue

Raffle and bingo revenue is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

(v) Summerhill Park revenue

Lease revenue is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises lease revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(vi) Retirement Village revenue

Recurrent charge revenue is recognised over time as services are provided under the terms of the lease agreement signed with the village resident.

Revenue from deferred management fees is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on historical tenure data, including industry data.

(vii) Other revenue

The Club recognises other revenue at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

| | 2020 | 2019 |
|---|------------------|----------------|
| | \$ | \$ |
| (a) Other income | | |
| Interest income | 71 | 330 |
| Government stimulus payment - JobKeeper | 223,714 | - |
| Government stimulus payment - Cashflow boost | 62,500 | - |
| Gain on disposal of property, plant and equipment | 5,500 | 25,505 |
| Change in fair value of investment properties | 772,015 | 278,352 |
| | <u>1,063,800</u> | <u>304,187</u> |

(i) Interest income

Interest income is recognised on an accruals basis.

(ii) Government stimulus funding

The Club recognises stimulus funding from the Australian Taxation Office when it is considered to be receivable.

(iii) Gain on disposal of property, plant and equipment

The Club recognises gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(iv) Change in fair value of investment properties

The Club recognises the change in fair value of investment property based on the assessment of an independent valuer, representing the non-cash gain in relation to Wangi Shores Retirement Village and Summerhill Park Mobile Home Park.

(b) Other expenses

| | | |
|---|-----------|-----------|
| Employee Benefits Expense | 1,398,842 | 1,294,250 |
| Change in fair value of investment properties | 363,502 | 295,585 |
| Loss on disposal of property, plant and equipment | - | 6,366 |
| Interest costs | 69,348 | 60,552 |

Notes to the financial statements

For the year ended 30 June 2020

4 Income tax expense**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

The Income Tax Assessment Act 1936 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| Operating profit/(loss) before income tax | 1,185,508 | 795,995 |
| Tax at the Australian tax rate at 27.5% (2019: 27.5%) | 326,014 | 218,899 |
| Non deductible expenses | 1,277 | 1,280 |
| Non assessable income | (17,188) | - |
| Other deductible expenses | (74,525) | (106,425) |
| Apportionment adjustment members income and expenses | 12,044 | (11,308) |
| Timing Differences | (403,848) | (242,462) |
| Carried forward losses not recognised / (recouped) | 156,226 | 140,016 |
| Income tax expense | <u>-</u> | <u>-</u> |

(b) The Directors estimate that the potential deferred tax asset as at 30 June 2020 not brought to account is as follows:

| | | |
|---------------------|------------------|------------------|
| Tax losses at 27.5% | 2,048,493 | 1,892,265 |
| | <u>2,048,493</u> | <u>1,892,265</u> |

Accounting policy

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 sheet date.

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

5 Cash and cash equivalents**Current**

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 999,036 | 572,719 |
| | <u>999,036</u> | <u>572,719</u> |

Accounting policy

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 cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

6 Trade receivables**Current**

| | 2020 \$ | 2019 \$ |
|-------------------|--------------|--------------|
| Trade receivables | 2,184 | 7,482 |
| | <u>2,184</u> | <u>7,482</u> |

Accounting policy

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 Club 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.

Notes to the financial statements

For the year ended 30 June 2020

7 Inventories**Current**

| | | |
|---------------|--------|--------|
| Stock on hand | 53,856 | 48,647 |
| | 53,856 | 48,647 |

Accounting policy

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

8 Financial assets at amortised cost**Current**

| | | |
|--|---------|---------|
| Other receivables | 68,987 | 38,284 |
| Deferred management fee receivable (i) | 215,326 | 171,186 |
| | 284,313 | 209,470 |

Non - Current

| | | |
|--|-----------|-----------|
| Deferred management fee receivable (i) | 2,422,411 | 1,925,841 |
| | 2,422,411 | 1,925,841 |

(i) Deferred management fee receivable

Under the Lease and Services Contract entered into between the Club and residents of Wangi Shores Retirement Village, the residents are required to pay a management fee to the Club 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 Club 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 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 incoming resident contribution 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.

Accounting policy

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.

Deferred management fees are recognised and measured in accordance with the Club's policy on the recognition and derecognition of financial instruments. Deferred management fees are not settled in cash until such time as the resident of Wangi Shores Retirement Village departs. At this time the Club 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 Club by residents at balance date.

9 Other assets**Current**

| | | |
|-------------|---------|---------|
| Prepayments | 122,951 | 121,661 |
| | 122,951 | 121,661 |

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 30 June 2020

10 Property, plant and equipment

| | Land and buildings | Plant and equipment | Poker Machines | Total |
|--------------------------------|--------------------|---------------------|-------------------|------------|
| | \$ | \$ | \$ | \$ |
| Non-current assets | | | | |
| At 1 July 2019 | | | | |
| Cost | 8,133,203 | 2,468,902 | 2,003,573 | 12,605,678 |
| Accumulated depreciation | 3,415,217 | 1,855,839 | 1,455,941 | 6,726,997 |
| Net book amount | 4,717,986 | 613,063 | 547,632 | 5,878,681 |
| | | | | |
| Year ended 30 June 2020 | | | | |
| Opening net book amount | 4,717,986 | 613,063 | 547,632 | 5,878,681 |
| Additions | - | 115,343 | 66,000 | 181,343 |
| Depreciation charge | 168,374 | 126,451 | 209,912 | 504,737 |
| Closing net book amount | 4,549,612 | 601,955 | 403,720 | 5,555,287 |
| | | | | |
| At 30 June 2020 | | | | |
| Cost | 8,133,203 | 2,567,820 | 2,012,775 | 12,713,798 |
| Accumulated depreciation | 3,583,591 | 1,965,865 | 1,609,055 | 7,158,511 |
| Net book amount | 4,549,612 | 601,955 | 403,720 | 5,555,287 |

Accounting policy**(a) Land and buildings**

Land and buildings are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment, poker machines

Each class of plant and equipment and poker machines is carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

| | |
|-------------------|---------------|
| Buildings | 20 - 40 years |
| Plant & Equipment | 2 - 20 years |
| Poker Machines | 4 years |

(d) 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.

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.

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.

The recoverable amount of property, plant and equipment 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 Club 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 or loss and other comprehensive income as a separate line item.

Notes to the financial statements

For the year ended 30 June 2020

11 Investment properties

| | Wangi Shores | | 2020 | 2019 |
|--|---------------------------|------------------------|--------------|--------------|
| | Retirement Village | Summerhill park | \$ | \$ |
| | | | Total | Total |
| Non-current assets - at fair value | | | | |
| Opening balance at 1 July | 34,814,000 | 6,000,000 | 40,814,000 | 37,255,000 |
| Additions at cost | 3,103,502 | 27,985 | 3,131,487 | 3,576,233 |
| Net gain / (loss) from fair value adjustment | (363,502) | 772,015 | 408,513 | (17,233) |
| Closing balance at 30 June | 37,554,000 | 6,800,000 | 44,354,000 | 40,814,000 |

The Directors obtained an independent valuation for the Wangi Shores Retirement Village from Integrity Property Consultants Pty Limited and for Summerhill Park from Chadwick Property Valuers.

The Valuation reports were obtained in conjunction with the Clubs change in accounting policy in relation to the measurement of investment properties at fair value rather than at cost as outlined in Note 1(d). As such the independent valuer's were engaged to provide a valuation in accordance with AASB 13 Fair Value for both of the investment properties as at 30 June 2020, 30 June 2019 and 30 June 2018.

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. To obtain the fair value, an independent valuation is obtained by the Club from external valuers at least once every 3 years. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

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 or loss and other comprehensive income in that year.

Notes to the financial statements

For the year ended 30 June 2020

12 Leases

| | |
|-------------|-------------|
| 2020 | 2019 |
| \$ | \$ |

The Club leases poker machine assets.

a) Right-of-use asset**Non-current**

Right-of-use assets

| | |
|--------|---|
| 58,399 | - |
|--------|---|

Reconciliation of right-of-use assets**2020**

At 1 July 2019

Additions

Amortisation

30 June 2020

| | Poker Machines \$ | Total \$ | Total \$ |
|---------------------|----------------------------------|---------------------|---------------------|
| At 1 July 2019 | - | - | - |
| Additions | 75,055 | 75,055 | - |
| Amortisation | 16,656 | 16,656 | - |
| 30 June 2020 | 58,399 | 58,399 | - |

b) Lease liabilities**Current**

Lease liabilities

Non-current

Lease liabilities

Total

| | | |
|---------------|---------------|----------|
| 24,838 | 24,838 | - |
| 28,890 | 28,890 | - |
| 53,728 | 53,728 | - |

Reconciliation of lease liabilities**2020**

At 1 July 2019

Additions

Interest expense

Lease payments

Net movement during year

| | Poker Machines \$ | Total \$ | Total \$ |
|---------------------------------|----------------------------------|---------------------|---------------------|
| At 1 July 2019 | - | - | - |
| Additions | 75,055 | 75,055 | - |
| Interest expense | 4,105 | 4,105 | - |
| Lease payments | 25,432 | 25,432 | - |
| Net movement during year | 53,728 | 53,728 | - |

Accounting policy

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended 30 June 2020

12 Leases (continued)**Lessor**

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Club leases out accommodation consisting of owned mobile homes situated at Summerhill Mobile Home Park. The Club has classified these leases as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Club during the 2020 financial year was \$632,873 (included at note 2 within Summerhill Park revenue)

The Club also leases out accommodation consisting of residential villas at Wangi Shores Retirement Village. As part of this lease, the Club is entitled to receive management fees calculated as 4% of the interest free loan provided to the Club, for a maximum of 7 years. The Club has classified these leases as operating leases. The expected lease payments to be received in the table below includes the full undiscounted amount of these lease payments based on the assumption that the residents are expected to occupy their Villas for an average of 10 years.

| Operating lease revenue | Summerhill | Wangi | Total |
|-------------------------|---------------|------------------|------------------|
| | Park | Shores | |
| | \$ | \$ | \$ |
| Less than one year | 80,132 | 627,872 | 708,004 |
| One to two years | - | 579,583 | 579,583 |
| Two to three years | - | 528,203 | 528,203 |
| Three to four years | - | 442,831 | 442,831 |
| Four to five years | - | 240,435 | 240,435 |
| More than five years | - | 124,704 | 124,704 |
| Total | 80,132 | 2,543,628 | 2,623,760 |

13 Trade and other payables

| | 2020 | 2019 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade payables and accruals | 326,422 | 233,590 |
| Other payables (i) | 4,802,000 | 2,119,000 |
| GST payable | 13,382 | 30,611 |
| | <u>5,141,804</u> | <u>2,383,201</u> |

(i) Other payables

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, as well as the agreed settlement amount on termination of development deed and associated documents with the project partner.

Accounting policy

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.

Notes to the financial statements

For the year ended 30 June 2020

| 14 Financial liabilities | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Current | | |
| <i>Secured</i> | | |
| Residents loan | 30,932,000 | 30,560,000 |
| Bank loans (i) | 1,150,000 | 1,150,000 |
| Other loans (ii) | 60,610 | 108,948 |
| Total secured financial liabilities | <u>32,142,610</u> | <u>31,818,948</u> |
| <i>Unsecured</i> | | |
| Insurance loan | 97,540 | 75,130 |
| Total unsecured financial liabilities | <u>97,540</u> | <u>75,130</u> |
| | <u>32,240,150</u> | <u>31,894,078</u> |
| Non-current | | |
| <i>Secured</i> | | |
| Other loans (ii) | 47,161 | 93,682 |
| Total secured financial liabilities | <u>47,161</u> | <u>93,682</u> |

(i) Secured liabilities

The above loans and undrawn finance facilities are secured by first mortgages over the Club's freehold land and buildings, including those classified as investment properties.

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;

A First Registered Mortgage by Wangi District Workers Club Limited over non residential real property located at 11 Dobell Drive, Wangi Wangi.

(ii) Other secured liabilities

The other loans are secured by a fixed charge over the specific assets that are financed.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs 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 and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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 reflects the combined market value at the end of the financial year of each independent living unit still occupied, with any change being reflecting in the fair value of Wangi Shore Retirement Village Investment Property.

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.

Notes to the financial statements

For the year ended 30 June 2020

15 Provisions

| | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Employee entitlements (i) & (ii) | 136,199 | 175,864 |
| | <u>136,199</u> | <u>175,864</u> |
| Non-current | | |
| Employee entitlements (ii) | 16,665 | 16,225 |
| | <u>16,665</u> | <u>16,225</u> |

Accounting policy*(i) Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service 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. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

16 Other liabilities**Current**

| | | |
|---|---------------|---------------|
| Other liabilities - Investment property revenue | 25,599 | 10,599 |
| Contract liabilities - membership revenue | 10,349 | 11,106 |
| | <u>35,948</u> | <u>21,705</u> |

Non-current

| | | |
|---|---------------|---------------|
| Contract liabilities - membership revenue | 15,813 | 14,285 |
| | <u>15,813</u> | <u>14,285</u> |

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

17 Reserves

| | Capital profits | acquired from Club | Total |
|--------------------------------|--------------------|-----------------------|----------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2019 | 35,050 | 207,461 | 242,511 |
| Balance at 30 June 2020 | <u>35,050</u> | <u>207,461</u> | <u>242,511</u> |

18 Commitments*(i)**Capital Commitments*

| | | |
|----------------------------------|----------------|---------------|
| Wangi Shores - Pool Improvements | - | 49,610 |
| Gaming room upgrades | 227,489 | |
| Café Works | 31,189 | - |
| | <u>258,678</u> | <u>49,610</u> |

Notes to the financial statements

For the year ended 30 June 2020

| | 2020 | 2019 |
|---|-------|-------|
| | \$ | \$ |
| 19 Contingent liabilities | | |
| Bank guarantee substituting for a security deposit for TAB facilities | 5,000 | 5,000 |

Mortality Fund

The Club conducts a mortality fund whereby each eligible member is entitled to have \$100 paid by the Club to his/her estate upon his/her death. No liability for this has been recognised in the financial statements, however at 30 June 2020 the Club's contingent commitment was \$6,200 (62 members) (2019: \$7,800). Payments to members are taken up as an expense in the year in which the payments are made.

20 Related parties

Transactions between related parties are on normal commercial terms and conditions, and are no more favourable than those available to other parties unless otherwise stated.

(a) *Key management personnel compensation*

| | | |
|---|---------|---------|
| Total key management personnel benefits | 153,667 | 129,006 |
|---|---------|---------|

(b) *Transactions with other related parties*

Former Director I Towe provided services to the Club under normal trade conditions, with the total paid during the period he was a Director totalling \$1,043.

21 Subsequent events

Subsequent to year-end the agreement in relation to the construction of the Wangi Shore Retirement Village project between the Club and project partner has been terminated. The settlement amount payable by the Club to the project partner was determined to be \$3,025,000, which has been included in other payables at at 30 June 2020 (refer note 14). The Club has obtained finance through Commonwealth Bank of Australia subsequent to year-end of \$3,000,000 to assist in funding this settlement.

22 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 10, 12) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) 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 and other comprehensive income should they change.
- Estimated fair value of investment properties (note 11) - the fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.
- Deferred management fees (note 8) - Significant accounting estimates and assumptions have been used in the measurement of the deferred management fee revenue recognised. Further details are included at note 8. 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 and other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2020

23 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.

| | Licensed Club | | Property Investments | |
|---|----------------------|-------------|-----------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenues from operations and other income | 3,673,082 | 3,920,625 | 1,581,390 | 1,492,144 |
| Segment result (before tax) | - 102,485 | - 47,896 | 1,287,993 | 843,891 |
| Segment Assets | 6,791,713 | 6,629,190 | 47,060,724 | 42,949,311 |
| Segment Liabilities | 1,927,869 | 1,909,441 | 35,759,599 | 32,689,599 |

Refer also to the statement of profit or loss and other comprehensive income 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.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 24 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Rodney Boyson - President



Robert Porter - Treasurer

Wangi Wangi
29 October 2020

Independent auditor's report to the members of Wangi District Workers' Club Limited

Opinion

We have audited the financial report of Wangi District Workers' Club Limited (the Club) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club 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 Club's annual report for the year ended 30 June 2020, 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 Presidents Report, Treasurers Report and the 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 further to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Club 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 Club'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 Club or to cease operations, or have no realistic alternative but to do so.

Newcastle | Sydney

Liability limited by a scheme approved under the Professional Standards legislation.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2020 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club'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. This description forms part of our audit report.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

29 October 2020
Newcastle West