



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

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2022**

## WANGI DISTRICT WORKERS' CLUB LTD.

### TREASURER'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

The financial affairs of Wangi Workers' Club are best analysed by examining the four business elements of the Club's operation, namely -

- Core recreational and leisure operations of the Club. The licensed Club.
- Market Street Café.
- Summerhill Park Residential Village.
- Wangi Shores Retirement Village.

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

#### Club Operations

The 2021-22 financial year began with Covid-19 constraints still in evidence, and a degree of patron-reluctance to return to 'normal' pre-Covid participation. The severity of Covid-19 impact was again highlighted by Government imposition of a Covid-19 lockdown for regional NSW (including Lake Macquarie Local Government Area) on 5<sup>th</sup> August 2021. The Club and Market Street Café ceased all trading operations. Steps were taken to minimise ongoing expenses. All casual staff were stood down; and the working hours of all permanent staff were cutback, allowing all employees to qualify for Government Covid-relief payments. The Club and Café reopened on 11<sup>th</sup> October – a trading hiatus of just over 9 weeks. Covid-19 sensitivity was still evident, and although pre-Christmas patronage was 'healthy', the recovery from this shutdown extended through February-March-April 2022.

Because of the disrupted operations due to Covid-19 impact since 2019, and the major impact that this had on financial performance, the usual year-on-year comparisons have marginal relevance - but are nonetheless presented.

Club Operations recorded a marginal profit for the year of \$15,285 compared to 2020-21 profit of \$549,239, and well below \$229,194 budget. This result is after provision for Depreciation of \$419,118.

Bar net profit of \$380,099 was down on \$415,397 in 2021, and budget of \$403,868. Bar sales at \$972,624 were \$209,196 below budget and \$260,207 below 2021 level – clearly a consequence of Covid caution! Bar Wages (\$199,364 versus budget \$295,456) were controlled, consistent with the decline in patronage.

Similarly poker machine net profit was \$1,267,826 (\$1,690,731 last year), well below budget of \$1,737,536. Again, this result is a reflection on the protracted Covid-recovery.

Paper Gaming (TAB and Keno) suffered similarly with a profit of \$78,895 – well below last year's \$121,764 and budget of \$110,680.

Summation of the above trading results, with an aggregated trading profit of \$1,726,820 fell short of budget by \$525,264, and diminished significantly against last year's \$2,227,892.

Cash Income from other sources (commissions, membership subscriptions, courtesy car, raffles) of \$432,916 also declined (\$630,425 in 2021) primarily due to reduced Government Covid-19 Job Cash Boost payments - \$141,396 versus \$277,286. The 2021 figure also included Insurance Recovery of \$29,500.

Total Income for the year arising as outlined above was \$2,159,736, used to meet the following Expense categories.

Members amenities costs of \$530,404 decreased as expected over 2021's \$557,084 and were well under budget of \$607,840, largely due to the Covid-induced trading gap impacting Club promotions, courtesy car operation, and Fox / Sky expense.

Clubhouse expenses (depreciation, Council rates, and repairs and maintenance – minimally impacted by Covid-19) were \$401,089 – below budget of \$514,221 largely due to reduced repairs and maintenance expense.

Administration expenses at \$1,212,958 (very close to budget) showed a reduction from 2021's \$1,318,640. Reductions were spread across several line-items but particularly wages (and associated costs), security, and electricity and gas. Bookkeeping expense increased due to workscope reassignment, as did motor vehicle expense, with another vehicle added.

Expenses across the three areas of Members Amenities, Clubhouse and Administration totalling \$2,144,451 were below 2021 level of \$2,309,078, and just below the above income total of \$2,159,736 resulting in the 'break-even' profit \$15,285.

### Market Street Café

For the 12 months, Coffee Shop sales totalled \$451,454 (down against 2021 of \$497,876 and budget of \$472,728). Covid-apprehension is thought to have impacted this result. Wages were consequently below 2021 level. The Coffee Shop loss of \$8,703 was effectively 'on budget' of \$6,125. It should be noted that contributing to this loss was an allowance for Depreciation of \$16,520, and \$13,139 being half the interest cost on the Loan required to build the Deck and Market St. Café. (The other half was costed to Club operation).

### Investment Property Accounting

As explained in the 2019-20 Annual Report, in that year the Club moved to the "Fair Value" method of accounting for the performance of its Investment Properties – namely Wangi Shores Retirement Village and Summerhill Park Transportable Home Village. Under this arrangement, depreciation is no longer applied as a "cost". Instead, any change in the current value of the properties is evaluated, and either recorded as increases or decreases in the residents loan financial liability (Wangi Shores Retirement Village) or applied as a gain or loss to the trading performance (Summerhill Park Transportable Home Village).

The valuation process is geared to the commercial viability and performance of the respective properties – and not necessarily to the Real Estate market in which they are located. Summerhill Park commercial performance year-on-year has been comparable across 2019-20 and 2020-21. So there has been no change in the calculated "Fair Value" of this property.

Over the year, there has been significant escalation in the 'sale' prices of Wangi Shores Units, indicating a comparable increase in the village commercial performance. Consequently, there has been a 'Fair Value' adjustment to Wangi Shores of \$9,511,000 to \$47,203,029. As noted above, because this gain in Fair Value is effectively capital gain (which under the terms of the Residents Loan Agreement flows to the Resident on exit from the Village) there is a balancing increase in the liability side of the Balance Sheet, and therefore no impact on the Profit-And-Loss account.

These arrangements relate only to Investment Properties, and not to other Trading Operations, which are reported 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.

### Summerhill Park

Summerhill Park continued to display strong commercial performance, linked to the Park being now unencumbered, and progressive adjustment of rents to reflect market rates. Park occupancy remained effectively at 100% throughout the year, with a current waiting list active.

Summerhill Park operation showed a profit of \$483,430 (comparable to \$476,484 last year). Rental income was \$695,181 (up slightly from \$663,702), and Operating Expenses were \$211,751 (up from \$187,218). Increases occurred in wages, water rates, and repairs and maintenance, with minor reduction in insurance and general expenses.

## 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 \$55,612 (\$78,445 last year) and less than budgeted loss of \$92,008. The completed stages of the Village comprise 49 Units. Several expense items are geared to the completed Village of 90 Units, so contribute disproportionately to this bottom-line. The Board is currently planning to construct the next block of 8 Units, at the Dobell Drive end of Puna Avenue.

Income from Recurrent Charges of \$385,250 slightly exceeded budget. (Recurrent charges are geared to Aged Pension / Rental Allowance, and move accordingly). Operating expenses were \$461,782 (a slight decrease from \$471,371 last year) and less than \$493,012 budget. Increases in insurance, emergency system, computer maintenance were off-set by reduction in security and wages and repairs and maintenance.

The Owner (Non-Recurrent) elements of Wangi Shores finances resulted in a profit of \$311,844 (\$478,876 last year), with Deferred Management Fees of \$328,723 (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 \$92,973 off-set by Expenses of \$109,852 – Land Tax on the undeveloped portion of the Village, loan interest, and legal costs.

## Overall Performance

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

<b>Business Unit</b>	<b>2021-22 Result</b>	<b>2021-22 Budget</b>
Club core business	\$ 15,285	\$ 229,194
Market Street Café	(\$ 8,703)	(\$ 6,125)
Summerhill Park	\$ 483,430	\$ 488,573
Wangi Shores	\$ 256,232	\$ 356,228
<b>Totals</b>	<b>\$ 746,244</b>	<b>\$ 1,067,870</b>

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

i.e. the Club's commercial trading activities resulted in a surplus of \$746,244 compared to \$1,416,199 last year, and a budgeted surplus of \$1,067,870. This 'bottom line' includes non-cash elements (a) a provision for depreciation and amortisation cost totalling \$451,271 and (b) Deferred Management Income of \$328,723 earned, but not payable until Residents' departure from Wangi Shores. There was a \$9,511,000 "Fair Value" adjustment to Wangi Shores (with zero impact on profit-and-loss, as explained above).

## Balance Sheet

During the year, the Club's Current Assets increased to \$1,565,527 from \$1,203,123 last year, with \$944,164 of this amount being cash (or cash equivalent) – a liquidity level required by the Club's routine operations, as a buffer against an uncertain trading environment, and to enable capital improvements to the Club's facilities.

Club borrowings at the start of the year were a consolidated loan of \$2,890,000. During the year repayments of \$240,000 were made, leaving a loan balance of \$2,650,000 at year's end.

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". This stands at \$42,225,709 – 99.1% of the Club's Current Liabilities.

Putting aside this 'distortion', the Club's ratio of Current Assets (\$1,565,527) to Current Liabilities (\$988,324) is 1.58 : 1 – compared to an 'adjusted' ratio of 1.23 : 1 for 2019-20. i.e. the Club has \$1.58 'in the bank' for every \$1 currently owed.

The shift to “Fair Value” accounting in 2019-20 allows for a more realistic indication of the Club’s worth, currently standing at \$18,327,411 – an increase of \$746,244 for the last twelve months.

Given the difficult circumstances generated by Covid-19 outbreaks during the year, the commercial performance of the Club is ‘quite reasonable’, albeit significantly less than budget expectations.

In this presenting this Report, acknowledgement and thanks are due to –

- Club staff at all levels, who had to contend with a wide variety of circumstances, and the challenges of meeting the needs and expectations of Members and Guests in delivering the Club’s services.
- Our Patrons – Members and Guests – for continuing patronage during periods of Covid-uncertainty, and notwithstanding the protracted post-Christmas recovery, have shown loyalty that has yielded the financial performance summarised in this Report.

R. J. (Bob) Porter



Hon. Treasurer  
September 2022

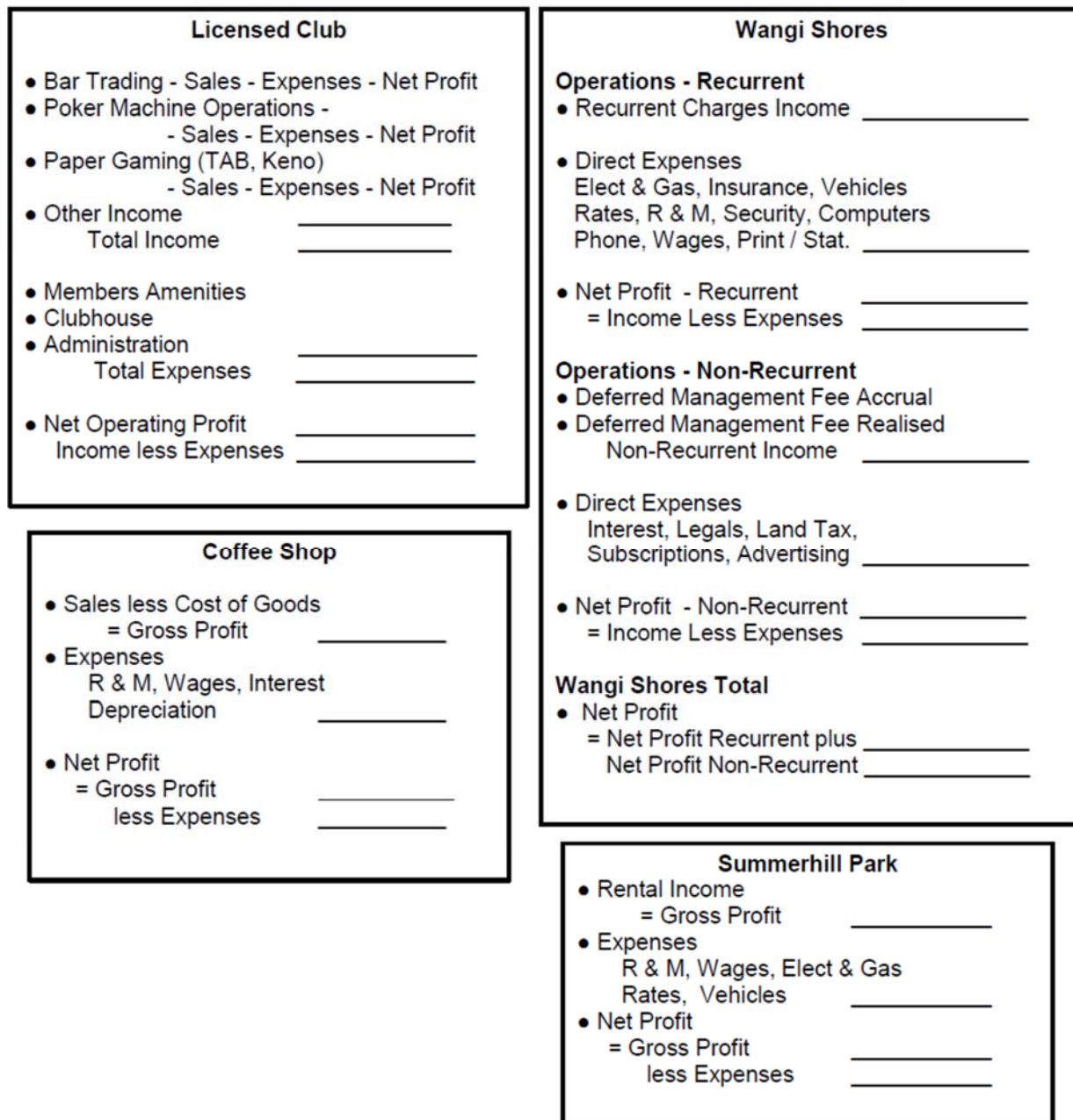
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The following material is supplementary to the formal Treasurer’s Report but may assist Members in gaining a better understanding of the content of the Report.

Firstly, a Schematic Overview of the structure of the four elements of the Club’s business operations, detailing the major parameters within each element, that are presented and discussed in the formal Report.

**WANGI WORKERS' CLUB - ACCOUNTING PROCESS SCHEMATIC**



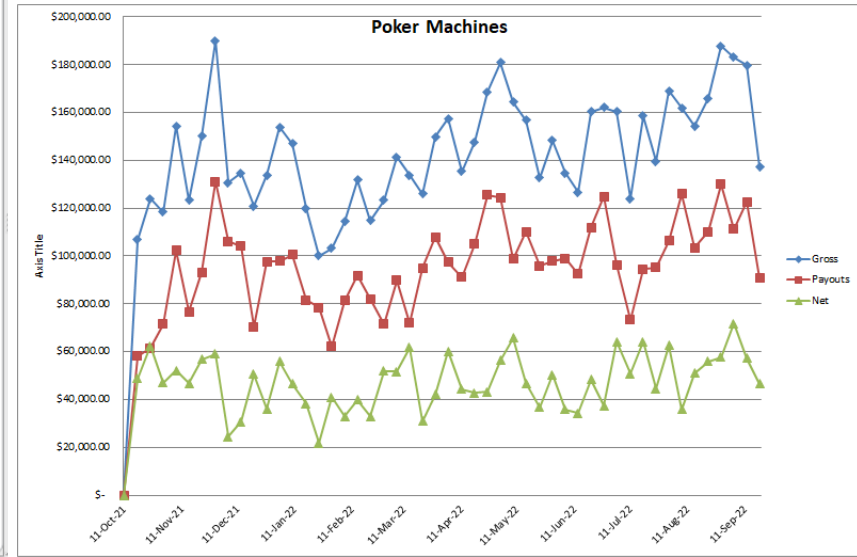
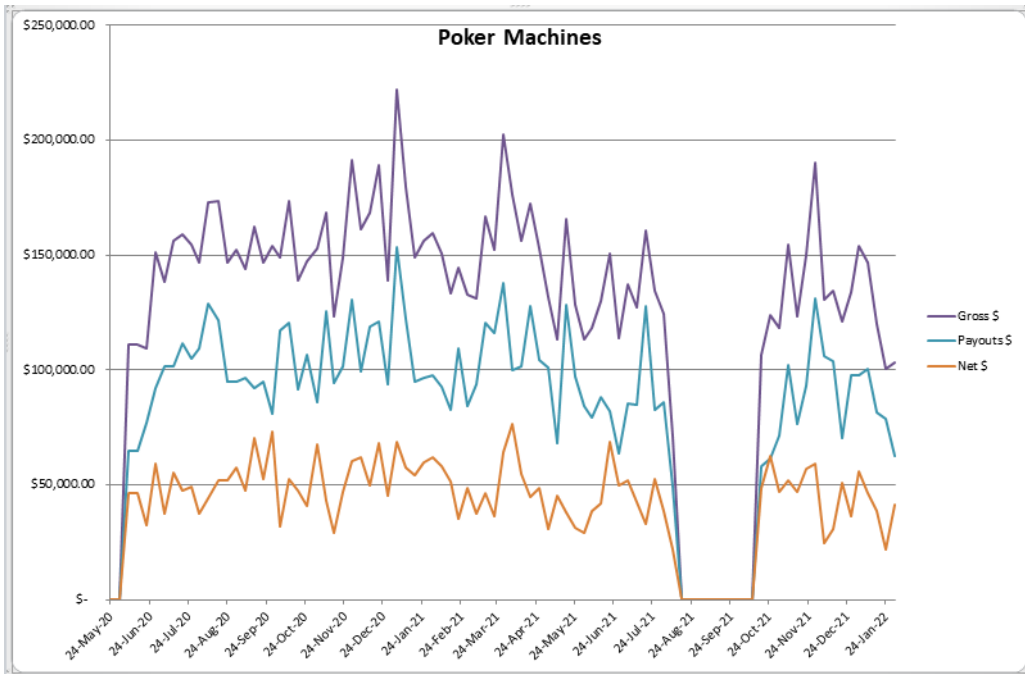
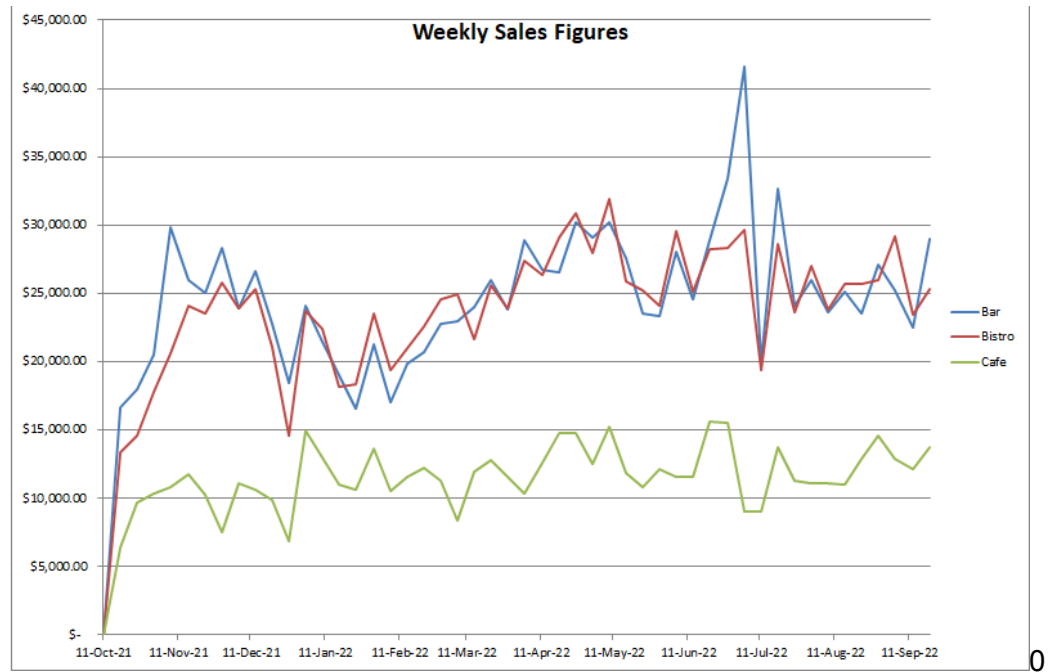
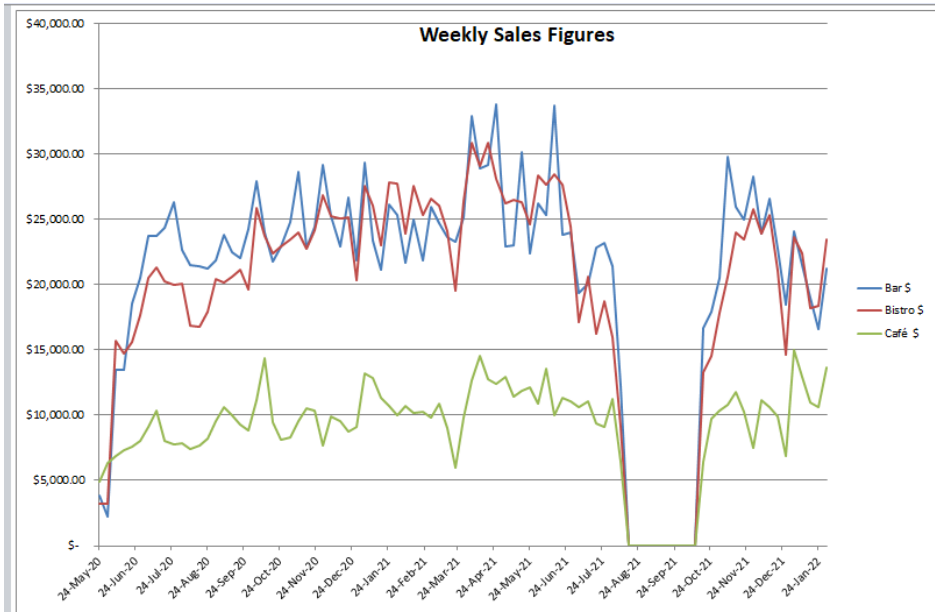
And secondly, a series of Graphs which track Club and Coffee Shop basic trading parameters :

- Weekly Sales figures for Bar, Bistro and Coffee Shop
- Weekly Poker Machine performance – Gross Revenue, Payouts and Net Revenue.

These cover the period back to May 2020 – mid-Covid, There are two graphs for each of the above “dot points” – with some overlap, each graph covering the second half of 2021.

The primary purpose of including this material is to provide a pictorial representation of the Club’s post-Covid shutdown recovery, and to acknowledge the support and contribution that Members had in delivering such a favourable outcome.

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# **WANGI DISTRICT WORKERS CLUB LIMITED**

## **CEO REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2022**

I would like to take this opportunity to thank the Board of Directors once again for their support and commitment to the Club. Despite the challenges faced they remained a cohesive governing body committed to improving the Clubs position for the benefit of the members. Constantly monitoring our progress as we managed our way through very unusual circumstances, while still insistent on planning ahead for the Club's future prosperity.

My sincerest thank you to our highly skilled management team Kelly Bryant and Cathy Ware. Thank you for your loyalty, support, and leadership throughout the year. You have proven your ability to overcome the most adverse of circumstances and continue to set the highest of standards for our team.

Our team of staff have continued to strive for excellence in product, service and facilities across all our business centres. Constantly adapting to comply with the ongoing changes to policy, procedures, restrictions, mandates, staff shortages and more, but still delivering the friendly customer service the Club is renowned for. Their service and professionalism are at the core of the Clubs success. Thank you to all our staff!

Once again, the community and the Club were faced with significant challenges throughout the year.

The ongoing COVID-19 pandemic saw our core business close from 5<sup>th</sup> August to 11<sup>th</sup> October, then operate under ever changing restrictions as the State met population vaccination targets. The Omicron wave impacted the region through what is usually our peak trading period of December and January. The Hunter / Lake Macquarie region was recording some of the highest daily COVID case numbers in the State during this period which significantly impacted the public's confidence to get back to socialising in the hospitality sector.

Preventing and managing COVID infections within the Club and its investment properties required collaborative effort with management, staff and residents, with the wellbeing of these teams and the members of the community at the forefront of our efforts.

Thankfully due to the efforts of our management team, leadership group and indeed all our staff we were able to minimise the risks posed to the community and operate all our business centres in the safest possible manner. In return the members and community supported our efforts by returning to their Club. Thanks to you all for your continued patronage!

Despite the economic restraints experienced throughout this year, the Club has improved its financial position and continued to support numerous community groups with financial support, distributing more than \$20,000 in donations. In addition, with the support of members and the community, \$12,000 was raised and donated to Disaster Relief Australia to assist those affected by the floods.



Summerhill Park remains fully tenanted and demand for the limited number of units remains strong. The village is highly regarded in the rental market, fulfilling a need within the region, in a profitable manner for the Clubs members.

Market Street Café has continued to build on its customer base and found its mark in the district. We are now seeing strong, consistent patronage and sales figures with the venture finishing the year in a cash positive position, thanks largely to the team of staff who are committed to quality, service and providing a unique hospitality experience for the region.

Work has finally commenced on the Jetty refurbishment as a result of an infrastructure grant acquired by the Club, thanks to the efforts of the Clubs Treasurer Bob Porter. This project suffered significant delays due to the unavailability of timber products required. The upgrade will be a long-term benefit for the local community.

We are also undertaking the next stage of the Clubs refurbishment. The project will update and consolidate our gaming floor, improve the disabled bathroom facilities, and see the instalment of a new Sports Lounge, due for completion mid-December 2022.

It has been a pleasure to serve as the Clubs CEO for another year and I look forward to leading the Club through the next chapter.



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 2022**

# Wangi District Workers' Club Limited ACN 001 029 241

## Annual financial report for the year ended 30 June 2022

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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 28 September 2022. 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 2022.

## 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 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.

### Mr Daryl Daniels

Director  
Director since 2021

Owner / Director of a Newcastle based recruitment company. Possesses over 25 years experience in the sector, with the last 10 years incorporating ownership. Holds a Diploma of HR. Resides in Wangi Wangi. Actively supports local sports clubs through sponsorship.

### Mr Graham Bonwick

Director  
Director since 2021

Employed in Automotive Industry for 50 years. Director of Guildford Leagues Club for 20 years from year 2000 to 2020 with the last 6 years as President.

## Company secretary

Juston Baillie is the Club Chief Executive Officer. Juston has been an employee of Wangi District Workers' Club Limited for 16 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	11
Mr Robert Smiles	12	6
Mr Robert Porter	12	9
Mr Michael Mason	12	6
Mr Luke James	12	10
Mr Daryl Daniels (Elected at AGM)	7	6
Mr Graham Bonwick (Elected at AGM)	7	7
Mr Norman Anderson (Did not stand at AGM)	5	-
Mrs Deborah McMullen (Did not stand at AGM)	5	4

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 2 December 2021.

### Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2022, 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 Park Mobile Home Park located at 4 Minnamooora St, 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.

From 5 August 2021 to 11 October 2021 the Club was required to close due to lockdowns imposed as a result of the COVID-19 pandemic.

### 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 2022, the total amount that members of the Club are liable to contribute if the Club is wound up is \$38,772 (2021: \$37,482).

### 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: 28 September 2022**  
**Wangi Wangi, NSW**



## Auditor's independence declaration

To the Directors of Wangi District Workers' Club Limited

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of Wangi District Workers' Club Limited for the year ended 30 June 2022, 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



Pitcher Partners NH Partnership  
Chartered Accountants

**Dated: 28 September 2022**  
**Newcastle West, NSW**

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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**Statement of profit or loss and other comprehensive income**

For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
<b>Revenue from continuing operations</b>	2	<b>5,094,503</b>	6,234,216
Other Income	3	<b>141,421</b>	320,181
Bar cost of goods sold		<b>(375,316)</b>	(460,689)
Bar direct expenses		<b>(217,209)</b>	(356,745)
Coffee shop cost of goods sold		<b>(159,254)</b>	(176,148)
Coffee shop direct expenses		<b>(287,764)</b>	(314,432)
Gaming direct expenses		<b>(478,121)</b>	(676,011)
Paper gaming expenses		<b>(27,008)</b>	(45,389)
Summerhill park direct expenses		<b>(211,751)</b>	(187,218)
Wangi shores retirement village expenses		<b>(498,397)</b>	(509,672)
Borrowing expenses		<b>(114,409)</b>	(138,434)
Members amenities		<b>(530,404)</b>	(557,085)
Clubhouse operations		<b>(401,089)</b>	(433,353)
Administration expenses		<b>(1,188,958)</b>	(1,283,023)
		<b>(4,489,680)</b>	(5,138,199)
<b>Profit / (loss) before income tax</b>		<b>746,244</b>	1,416,198
Income tax expense	4	-	-
<b>Profit / (loss) for the year</b>		<b>746,244</b>	1,416,198
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>746,244</b>	1,416,198

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 2022

	Notes	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	944,164	643,701
Trade receivables	6	30,203	10,920
Inventories	7	60,647	69,904
Financial assets at amortised cost	8	357,419	306,498
Other assets	9	173,094	172,100
<b>Total current assets</b>		<b>1,565,527</b>	<b>1,203,123</b>
<b>Non-current assets</b>			
Financial assets at amortised cost	8	2,992,358	2,697,178
Property, plant and equipment	10	5,313,009	5,555,813
Investment properties	11	54,080,287	44,467,187
Lease assets	12	20,871	39,635
<b>Total non-current assets</b>		<b>62,406,525</b>	<b>52,759,813</b>
<b>Total assets</b>		<b>63,972,052</b>	<b>53,962,936</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	277,344	325,025
Financial liabilities	14	42,629,314	33,146,577
Provisions	15	172,404	171,467
Other liabilities	16	128,048	20,948
Lease liabilities	12	6,923	26,591
<b>Total current liabilities</b>		<b>43,214,033</b>	<b>33,690,608</b>
<b>Non-current liabilities</b>			
Financial liabilities	14	2,400,000	2,654,429
Provisions	15	12,681	11,888
Other liabilities	16	17,927	22,545
Lease liabilities	12	-	2,299
<b>Total non-current liabilities</b>		<b>2,430,608</b>	<b>2,691,161</b>
<b>Total liabilities</b>		<b>45,644,641</b>	<b>36,381,769</b>
<b>Net assets</b>		<b>18,327,411</b>	<b>17,581,167</b>
<b>MEMBERS FUNDS</b>			
Reserves	17	242,511	242,511
Retained profits		18,084,900	17,338,656
<b>Total members funds</b>		<b>18,327,411</b>	<b>17,581,167</b>

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 2022

	<b>Reserves</b>	<b>Retained</b>	<b>Total</b>
	<b>\$</b>	<b>Profits</b>	<b>\$</b>
<b>Balance at 1 July 2020</b>	242,511	15,922,458	16,164,969
Profit for the year	-	1,416,198	1,416,198
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,416,198</b>	<b>1,416,198</b>
<b>Balance at 30 June 2021</b>	<b>242,511</b>	<b>17,338,656</b>	<b>17,581,167</b>
Profit for the year	-	746,244	746,244
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>746,244</b>	<b>746,244</b>
<b>Balance at 30 June 2022</b>	<b>242,511</b>	<b>18,084,900</b>	<b>18,327,411</b>

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 2022

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers		5,192,650	6,370,395
Payments to suppliers and employees		(4,282,026)	(5,122,696)
Interest received		25	52
Interest paid		(114,409)	(138,434)
Government stimulus		141,396	377,000
<b>Net cash inflow (outflow) from operating activities</b>		<u>937,636</u>	<u>1,486,317</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(225,705)	(460,395)
Proceeds from sale of property, plant and equipment		-	45,073
Payments for investment properties		(102,100)	(3,137,187)
<b>Net cash inflow (outflow) from investing activities</b>		<u>(327,805)</u>	<u>(3,552,509)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		199,984	3,179,376
Repayment of borrowings		(487,385)	(1,443,681)
Repayment of lease liabilities		(21,967)	(24,838)
<b>Net cash inflow (outflow) from financing activities</b>		<u>(309,368)</u>	<u>1,710,857</u>
<b>Net increase in cash and cash equivalents</b>		<b>300,463</b>	<b>(355,335)</b>
Cash and cash equivalents at the beginning of the financial year		<u>643,701</u>	<u>999,036</u>
<b>Cash and cash equivalents at the end of the financial year</b>	5	<u>944,164</u>	<u>643,701</u>

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 2022

### 1 Summary of significant accounting policies

#### (a) Information about the entity

- Wangi District Workers' Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- Wangi District Workers' Club Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Club is 17-19 Market Street Wangi Wangi, NSW 2267.
- The principal place of business of the Club is 17-19 Market Street Wangi Wangi, NSW 2267.

#### (b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The prior year financial report was prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The transition from the previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures has not affected the Club's reported financial position, financial performance and cash flows.

#### (c) Statement of compliance

This financial report complies with *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities* 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.

#### (d) Working capital deficiency and going concern basis of preparation

As at 30 June 2022, Wangi District Workers' Club Limited has a working capital deficiency of \$41,648,506.

The working capital deficiency is caused by the following:

- (a) residents loan of \$42,225,709 being included as all current in financial liabilities.

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 \$937,636 and a profit of \$746,244 during the current year.
- (b) The Club has a budgeted operating cash profit of \$684,864 for the 2023 year.
- (c) The Club has a cash balance at 30 June 2022 of \$944,164.
- (d) 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 incoming resident.
- (e) The Club has access to an unused Business Line of Credit Facility of \$500,000 from the Commonwealth Bank.
- (f) 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.

#### (e) 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.

#### (f) 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 2022

**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
2022	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,424,079	1,838,702	23,706	210,199	-	-	57,589	3,554,275
Other revenue (not covered by AASB15)	-	17,180	-	-	695,181	827,867	-	1,540,228
	1,424,079	1,855,882	23,706	210,199	695,181	827,867	57,589	5,094,503

*Timing of revenue recognition*

At a point in time	1,424,079	1,838,702	-	210,199	-	-	57,589	3,530,569
Over time	-	17,180	23,706	-	695,181	827,867	-	1,563,934
	1,424,079	1,855,882	23,706	210,199	695,181	827,867	57,589	5,094,503

	Beverage and Food Revenue	Gaming revenue	Member-ship revenue	Raffle and bingo revenue	Summerhill Park revenue	Retirement village revenue	Other revenue	Total
2021	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	1,730,707	2,526,609	17,154	210,326	-	-	82,767	4,567,563
Other revenue (not covered by AASB15)	-	17,180	-	-	663,701	985,772	-	1,666,653
	1,730,707	2,543,789	17,154	210,326	663,701	985,772	82,767	6,234,216

*Timing of revenue recognition*

At a point in time	1,730,707	2,526,609	-	210,326	-	-	82,767	4,550,409
Over time	-	17,180	17,154	-	663,701	985,772	-	1,683,807
	1,730,707	2,543,789	17,154	210,326	663,701	985,772	82,767	6,234,216

**(b) 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 2022

### (b) 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. Leases with tenants are reviewed annually against market data.

(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

	2022	2021
	\$	\$
<b>(a) Other income</b>		
Interest income	25	52
Government stimulus payment - JobSaver	141,396	-
Government stimulus payment - JobKeeper	-	239,786
Government stimulus payment - Cashflow boost	-	37,500
Gain on disposal of property, plant and equipment	-	13,343
Insurance recoveries	-	29,500
	141,421	320,181

(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 and Revenue NSW when it is considered to be receivable.

### (b) Other expenses

Employee Benefits Expense	1,315,818	1,537,822
Interest costs	114,409	138,434
Depreciation and amortisation expense	451,271	485,446

**Notes to the financial statements**

For the year ended 30 June 2022

**4 Income tax expense**

	2022	2021
	\$	\$

**(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:

Operating profit/(loss) before income tax	746,244	1,416,198
Tax at the Australian tax rate at 25.0% (2021: 26.0%)	186,561	368,212
<b>Add/(Less) tax effect of:</b>		
Non deductible expenses	1,138	1,183
Non assessable income	(35,349)	(9,750)
Apportionment adjustment members income and expenses	53,851	23,684
Timing Differences	(210,870)	(224,182)
Carried forward losses not recognised / (recouped)	4,669	(159,147)
Income tax expense	-	-

(b) The Directors estimate that the potential deferred tax asset as at 30 June 2022 not brought to account is as follows:

Tax losses at 25.0% (2021: 25.0%)	1,713,909	1,709,240
	1,713,909	1,709,240

**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	944,164	643,701
	944,164	643,701

**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**

Trade receivables	30,203	10,920
	30,203	10,920

**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 2022

**7 Inventories**

	2022	2021
	\$	\$
<b>Current</b>		
Stock on hand	60,647	69,904
	<u>60,647</u>	<u>69,904</u>

**Accounting policy**

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

**8 Financial assets at amortised cost****Current**

Other receivables	17,378	-
Deferred management fee receivable (i)	340,041	306,498
	<u>357,419</u>	<u>306,498</u>

**Non - Current**

Deferred management fee receivable (i)	2,992,358	2,697,178
	<u>2,992,358</u>	<u>2,697,178</u>

(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	173,094	172,100
	<u>173,094</u>	<u>172,100</u>

**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 2022

**10 Property, plant and equipment**

	Work in Progress \$	Land and buildings \$	Plant and equipment \$	Poker Machines \$	Total \$
<b>Non-current assets</b>					
<b>At 1 July 2021</b>					
Cost	-	8,419,429	2,727,155	2,012,775	13,159,359
Accumulated depreciation	-	3,756,794	2,062,946	1,783,806	7,603,546
Net book amount	-	4,662,635	664,209	228,969	5,555,813
<b>Year ended 30 June 2022</b>					
Opening net book amount	-	4,662,635	664,209	228,969	5,555,813
Additions	4,790	5,538	80,355	99,020	189,703
Depreciation charge	-	176,487	124,212	131,808	432,507
Closing net book amount	4,790	4,491,686	620,352	196,181	5,313,009
<b>At 30 June 2022</b>					
Cost	4,790	8,424,967	2,807,510	2,111,795	13,349,062
Accumulated depreciation	-	3,933,281	2,187,158	1,915,614	8,036,053
Net book amount	4,790	4,491,686	620,352	196,181	5,313,009

**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 and 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 2022

**11 Investment properties**

	<b>Wangi Shores Retirement Village</b>	<b>Summerhill Park</b>	<b>2022 \$ Total</b>	<b>2021 \$ Total</b>
<b>Non-current assets - at fair value</b>				
Opening balance at 1 July	37,650,657	6,816,530	44,467,187	44,354,000
Additions at cost	41,372	60,728	102,100	113,187
Net gain / (loss) from fair value adjustment	9,511,000	-	9,511,000	-
Closing balance at 30 June	47,203,029	6,877,258	54,080,287	44,467,187

The Directors have determined the fair value of investment properties located at Wangi Shores Retirement Village based on an independent valuation at 30 June 2020 from Integrity Property Consultants Pty Limited, in conjunction with consideration of recent market data including sales of Villas since the date of the valuation. The Directors have determined the fair value of investment property located at Summerhill Park from an independent valuation performed by Chadwick Property Valuers as at 30 June 2020.

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 and the Directors have considered other available market data including recent transactions for units within the Wangi Shores Retirement Village since the date of the Valuers reports in estimating the fair value at balance date.

**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 Wangi Shores Retirement Village investment property are recorded as increases or decreases in the Residents loan financial liability. Gains or losses arising from changes in the fair values of other 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 2022

**12 Lease assets and lease liabilities**

	<b>2022</b>	<b>2021</b>
	\$	\$

The Club leases poker machine assets.

**a) Lease assets****Non-current**

Carrying amount of lease assets, by class of underlying asset:

Poker Machines

	20,871	39,635
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**Reconciliation of lease assets****2022****Carrying amount at the beginning of the year**

Amortisation

**Carrying amount at the end of the year**

<b>Poker Machines</b>	<b>Total</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
39,635	39,635	58,399
18,764	18,764	18,764
20,871	20,871	39,635

**b) Lease liabilities****Current**

Lease liabilities

6,923	6,923	26,591
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**Non-current**

Lease liabilities

-	-	2,299
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**Total**

6,923	6,923	28,890
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**Reconciliation of lease liabilities****2022****Carrying amount at the beginning of the year**

Additions

Interest expense

Lease payments

**Carrying amount at the end of the year**

<b>Poker Machines</b>	<b>Total</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
28,890	28,890	53,728
-	-	-
1,153	1,153	2,906
23,120	23,120	27,744
6,923	6,923	28,890

**Maturity analysis of future lease payments**

Not later than 1 year

Later than 1 year and not later than 5 years

**Lease payments**

6,936	6,936	27,744
-	-	2,312
6,936	6,936	30,056

**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 lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease 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.

**Notes to the financial statements**

For the year ended 30 June 2022

**12 Leases (continued)**

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.

**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 Park 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 2022 financial year was \$695,181 (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.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease revenue to be received after the reporting date.

<b>Operating lease revenue</b>	<b>Summerhill Park \$</b>	<b>Wangi Shores \$</b>	<b>Total \$</b>
Less than one year	37,446	659,485	696,931
One to two years	-	585,779	585,779
Two to three years	-	438,228	438,228
Three to four years	-	317,450	317,450
Four to five years	-	238,358	238,358
More than five years	-	135,263	135,263
<b>Total</b>	37,446	2,374,563	2,412,009

**13 Trade and other payables**

	<b>2022 \$</b>	<b>2021 \$</b>
<b>Current</b>		
Trade payables and accruals	232,677	267,045
GST payable	44,667	57,980
	277,344	325,025

**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 2022

<b>14 Financial liabilities</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<i>Secured</i>		
Residents loan	42,225,709	32,710,000
Bank loans (i)	250,000	250,000
Other loans (ii)	14,429	51,886
Total secured financial liabilities	<u>42,490,138</u>	<u>33,011,886</u>
<i>Unsecured</i>		
Insurance loan	139,176	134,691
Total unsecured financial liabilities	<u>139,176</u>	<u>134,691</u>
	<u>42,629,314</u>	<u>33,146,577</u>
<b>Non-current</b>		
<i>Secured</i>		
Bank loans (i)	2,400,000	2,640,000
Other loans (ii)	-	14,429
Total secured financial liabilities	<u>2,400,000</u>	<u>2,654,429</u>

*(i) Secured liabilities*

The above bank loans and undrawn finance facilities are secured by first mortgages over the Club's freehold land and buildings, including those classified as investment properties. The Club has a \$500,000 line of credit facility which is fully undrawn, and also a redraw facility on the existing bank loans of which \$1,380,000 is available to be drawn down at 30 June 2022.

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 2022

**15 Provisions**

	2022	2021
	\$	\$
<b>Current</b>		
Employee entitlements (i) & (ii)	172,404	171,467
	<u>172,404</u>	<u>171,467</u>
<b>Non-current</b>		
Employee entitlements (ii)	12,681	11,888
	<u>12,681</u>	<u>11,888</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**

Contract liabilities - other revenue	107,100	-
Contract liabilities - summerhill park revenue	10,599	10,599
Contract liabilities - membership revenue	10,349	10,349
	<u>128,048</u>	<u>20,948</u>

**Non-current**

Contract liabilities - membership revenue	17,927	22,545
	<u>17,927</u>	<u>22,545</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.

<b>17 Reserves</b>	<b>Capital profits</b>	<b>Funds acquired from Club</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 1 July 2021</b>	35,050	207,461	242,511
<b>Balance at 30 June 2022</b>	<u>35,050</u>	<u>207,461</u>	<u>242,511</u>

**18 Commitments****(i) Capital Commitments**

Jetty upgrades	119,000	-
Poker machine	-	20,950
	<u>119,000</u>	<u>20,950</u>

**Notes to the financial statements**

For the year ended 30 June 2022

	2022	2021
	\$	\$
<b>19 Contingent liabilities</b>		
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 2022 the Club's contingent commitment was \$5,300 (53 members) (2021: \$6,100). 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	349,071	155,936
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**21 Remuneration of auditors***Auditor of the company*

Audit of the financial statements	26,400	24,475
Other statutory assurance services	5,600	5,475
Other services - taxation compliance services	4,870	4,710
Other services - consulting services	26,280	29,521
	<u>63,150</u>	<u>64,181</u>

**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 lease 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 2022

### 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 Wangi Shores Retirement Village and Summerhill Park Mobile Home Park.

	<b>Licensed Club</b>		<b>Property Investments</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenues from operations and other income	3,712,876	4,904,924	1,523,048	1,649,473
Segment result (before tax)	6,581	539,285	739,663	876,913
Segment Assets	6,559,366	6,480,598	57,412,686	47,482,338
Segment Liabilities	3,402,819	3,661,170	42,241,822	32,720,599

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 22 are in accordance with the Corporations Act 2001, including:
  - (i) Complying with Accounting Standards - Simplified Disclosures, 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 2022 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

28 September 2022  
Wangi Wangi, NSW

## **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 2022, 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

### **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 2022, 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 and Treasurers Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing further to report in this regard.

### **Responsibilities of the Directors for the financial report**

The Directors of the are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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#### **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 2022 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.



Shaun Mahony - Partner



Pitcher Partners NH Partnership  
Chartered Accountants

**28 September 2022**  
**Newcastle West, NSW**

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