



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

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

WANGI DISTRICT WORKERS CLUB LIMITED
PRESIDENTS REPORT
FOR YEAR ENDED 30 JUNE 2023

Fellow Members.

Firstly, I would like to congratulate the Management, Staff and Directors on the very pleasing profit result for the year.

The Treasurer, Bob Porter will outline the trading results of core and non-core centers in his report.

The many interest rate increases which occurred during the year put considerable pressure on the financial workings of the club on top of the prior years the club endured with the COVID-19 pandemic, however, the club was able to proceed with a variety of projects which were fully funded by the club.

During the year we were able to present patrons with two new venues to the outlay of the club. These were the new Sports lounge and the relocated Gaming area. Both of these areas were welcomed by the patrons and have improved the general flow of the club.

The introduction of the free courtesy bus has been a huge success and allows patrons transport to and from the club all nights of the week.

The raffles conducted by the club on various nights of the week continue to be well patronised by patrons and visitors through the year.

The Market St Café has established its own clientele and provides a relaxed atmosphere for members and visitors to enjoy a coffee and a snack 7 days a week.

Summerhill Park, our rental residential complex, is constantly in demand and is another important link in our diversification strategy.

Directors and staff completed a number of courses during the year which are designed to enable them to remain up to date with all legislative requirements associated with, residential living, gaming, and responsible service of alcohol, I thank all staff and Directors for their commitment to these courses.

The new Strategic plan which was developed by Directors and Management during the year has identified various projects which the club plans to peruse over the next 5 years.

I would like to express my sincere thanks to the Management team and all our Staff involved in the various aspects of the business.

I would also like to thank the Directors for their support during the last year.

Finally thank you to the members and their guest for supporting the club through the year.

Robert Smiles



President

Wangi District Workers Club Ltd.

WANGI DISTRICT WORKERS' CLUB LTD.
TREASURER'S REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 - 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

When 2022-23 year began, Covid-19 apprehension had seemingly abated, and Club patronage had recovered to pre-Covid levels. Because of Covid-19 disrupted operations since 2019, the usual year-on-year comparisons have marginal relevance - but are nonetheless presented.

Club Operations recorded an annual profit of \$345,404 compared to 2021-22 profit of \$15,285, and exceeding budget by \$262,782. This result is after provision for Depreciation of \$474,293.

Bar net profit of 572,494 reflected a step-change from \$380,099 in 2022, and budget of \$429,616. Bar sales at \$1,360,910 exceeded 2022 by 40% and budget by 15% – clearly a reflection of Covid recovery! Similarly poker machine net profit of \$1,854,440 exceeded 2022 by 46% and budget by 12%. Paper Gaming (TAB and Keno) recorded a profit of \$70,458 – comparable to last year and \$23,086 below budget – a consequence of changing patron engagement with these platforms.

Summation of the above trading results, with an aggregated trading profit of \$2,497,392 exceeded budget by \$300,724, and was markedly up on 2022's \$1,726,820.

Cash Income from other sources (commissions, membership subscriptions, raffles) of \$525,879 was up on \$432,916 in 2022 with a Jetty Upgrade grant of \$109,000 largely off-setting the previous year's Government Covid-19 Job Cash Boost payments.

Total trading and other income for the year arising as outlined above was \$3,023,271 (in 2022, \$2,159,736), applied against the following Expense categories.

Members amenities costs of \$695,761 exceeded budget by \$132,655 largely due to increased Club Promotions and Entertainment expenses. In this regard, the solid patronage of the Club by members was acknowledged and rewarded.

Clubhouse expenses (depreciation, Council rates, and repairs and maintenance were \$471,946 – below budget by \$10,487 primarily due to Depreciation being over-estimated in the budget (some anticipated capital expense items were deferred).

Administration expenses increased over the year from \$1,212,958 to \$1,510,160 but only \$88,294 over budget. Several significant reductions included Electricity / Gas, Security Wages, Printing And Postage offset by increased Wages (and associated costs), Insurance, Bank Charges and unbudgeted Consultant and Courtesy Bus expenses.

Expenses across the three areas of Members Amenities, Clubhouse and Administration totalling \$2,677,868 were just over \$ ½ million above 2022 level, but well below the above income total of \$3,023,271 resulting in a healthy profit \$345,403 - \$262,782 greater than budget.

The budget for 2022-23 was prepared on a conservative basis, with the post-Covid outlook uncertain. In fact, the post-Covid recovery was quite remarkable! This has been attributed to perhaps a general reluctance for people to travel (particularly internationally and interstate), but in 'stay-at-home' mode, still in need of leisure pursuits, resulting in increased local patronage. Several months during the annual Club-land cycle which have historically seen marginal profitability recorded very healthy surpluses!

Market Street Café

For the 12 months, Coffee Shop sales totalled \$677,905 – a dramatic recovery from 2022's \$451,454 and \$157,905 ahead of budget. Wages increased proportionately, with Repairs And Maintenance also over budget. The Coffee Shop loss of \$24,768 was \$10,150 more than budgeted. It should be noted that expenses contributing to this loss included Depreciation of \$16,416, and \$19,118 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 increase or decrease 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).

Valuations over the past two years have been made as a Board determination, based upon available market data. This year, in accordance with recommended practice, formal valuations were obtained.

Summerhill Park valuation of \$8,500,000 reflected an increase over 2022 of \$1,591,886. Because Summerhill Park is wholly owned by the Club, the value increase must appear as 'income' and has a direct impact on profitability (as noted below).

Variations in the value of Wangi Shores resident-owned premises appear on both the asset and liability sides of the balance sheet, so have zero impact on profitability. But changes in the value of the Village as a 'going concern' and the value of the undeveloped portion of the site have to appear as profit / loss to the Village 'bottom line'. The formal valuation delivered a 'fair value' increase on these elements of \$445,780, included as 'income' (similar to Summerhill Park).

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 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 \$2,032,757 of which \$1,591,886 was the increase if 'Fair Value' of the facility. Putting this aside, the trading outcome for Summerhill Park was a profit of \$440,875, slightly down on \$483,430 last year. Rental income was \$712,516 (up slightly from \$695,181), but \$21,458 under budget. Operating Expenses were \$271,641 (up from \$211,751) but effectively on budget. Increases relative to budget in Wages, Water Rates, and Subscriptions were offset by reductions in Repairs and Maintenance, Motor Vehicle Expense, Insurance and General Expenses.

Wangi Shores

The Financial Report is structured to show (a) operational parameters funded by Resident Recurrent Charges (a weekly fee), and includes day-to-day expenses – 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, Land Tax on 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 \$86,113 (\$43,952 less than budgeted). 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.

Recurrent Charges Income of \$405,020 slightly exceeded budget. Operating expenses were \$513,585, an increase from \$480,825 last year, but \$25,592 less than budget. Electricity and Gas, Repairs and Maintenance, Insurance, Water Rates and Wages were all budget-favourable.

The Owner (Non-Recurrent) elements of Wangi Shores finances resulted in a profit of \$953,206 which includes the \$445,780 'fair value' gain outlined above. Deferred Management Fees (brought to account, but not payable until the respective premises are vacated by existing residents) were of \$276,845, with \$354,442 received in Deferred Management Fees on properties traded during the year, Expenses of \$123,861 were incurred on 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.

Business Unit	2022-23 Result	2022-23 Budget
Club core business	\$ 345,404	\$ 82,621
Market Street Café	\$ (24,768)	\$ (14,618)
Summerhill Park	\$ 2,032,761	\$ 464,188
Wangi Shores	\$ 867,093	\$ 428,815
Totals	\$ 3,220,490	\$ 961,006

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

i.e. the Club's commercial activities yielded a surplus of \$3,220,490 compared to a budget of \$961,006. This 'bottom line' includes non-cash elements (a) depreciation and amortisation cost totalling \$474,293, (b) Deferred Management Income of \$276,845 earned, but not payable until Residents' departure from Wangi Shores, and (c) "Fair Value" increases of \$2,037,666.

Balance Sheet

The Club's Current Assets of \$1,574,476 are marginally up on last year, with \$919,923 of this amount being cash (or cash equivalent) – a liquidity level required by the Club's routine operations, and potential capital improvements.

Club borrowings at the start of the year were a consolidated loan of \$2,650,000. During the year repayments of \$240,000 were made, leaving a loan balance of \$2,410,000 at year's end.

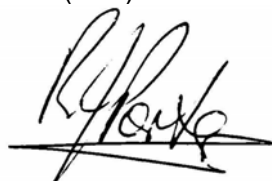
The Liability side of the Balance Sheet is heavily distorted by classification of Wangi Shores Residents' 'Sales' Loans (to be refunded when residents vacate the Village) as "Current Liabilities". This stands at \$41,625,000 – 97.7% of the Club's Current Liabilities.

Putting aside this 'distortion', the Club's ratio of Current Assets (\$1,574,476) to Current Liabilities (\$982,062) is 1.60 : 1 – compared to an 'adjusted' ratio of 1.58 : 1 for 2021-22. i.e. the Club has \$1.60 'in the bank' for every \$1 currently owed. The Club's net worth is \$21,547,901.

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

- Club staff at all levels, who responded commendably to the significantly increased Club patronage, effectively delivering the Club's services to Members and Guests.
- Our Patrons – Members and Guests – for their welcome attendance well above pre-Covid levels, that prevailed throughout the year..

R. J. (Bob) Porter



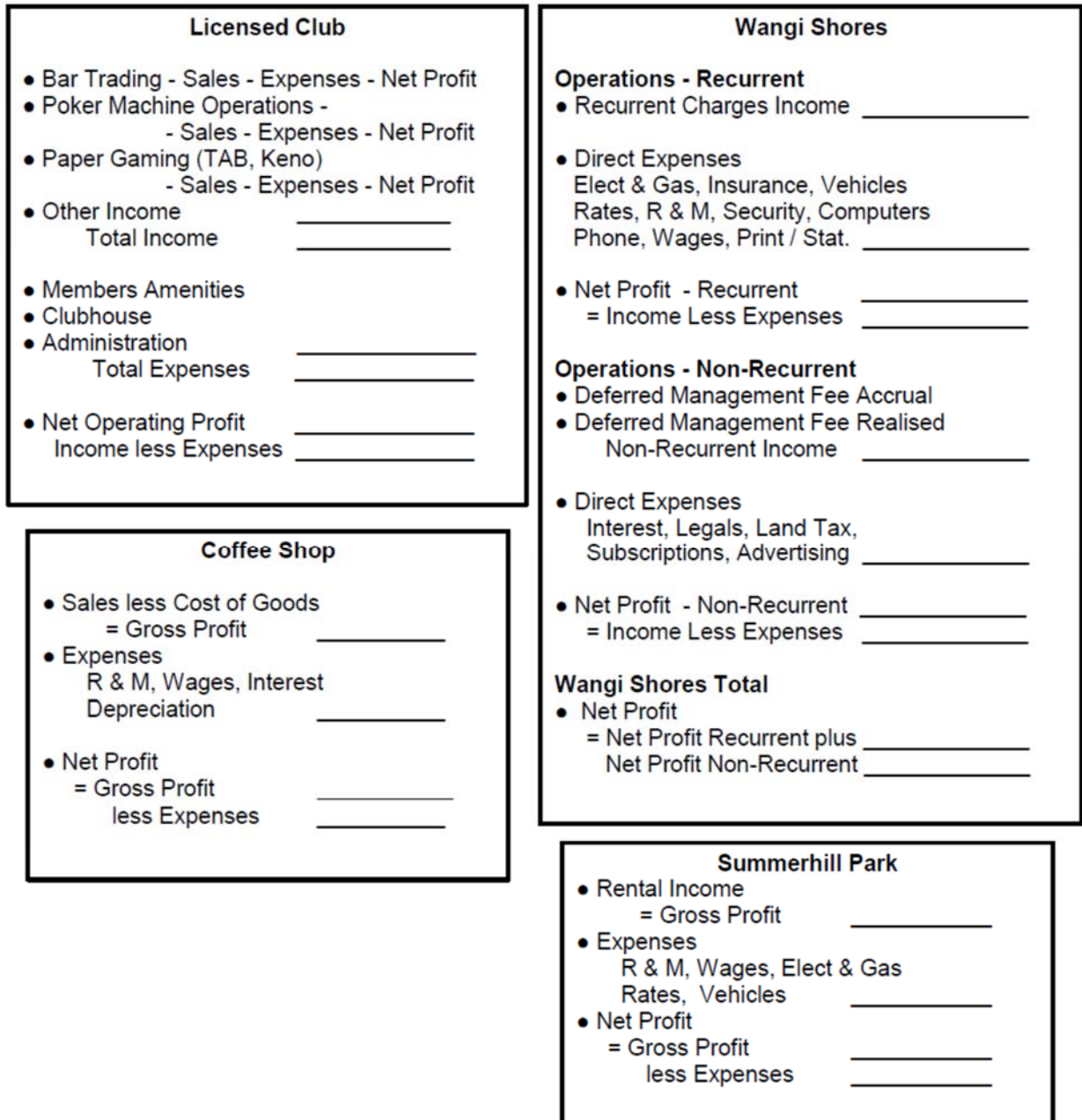
Hon. Treasurer

September 2023

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

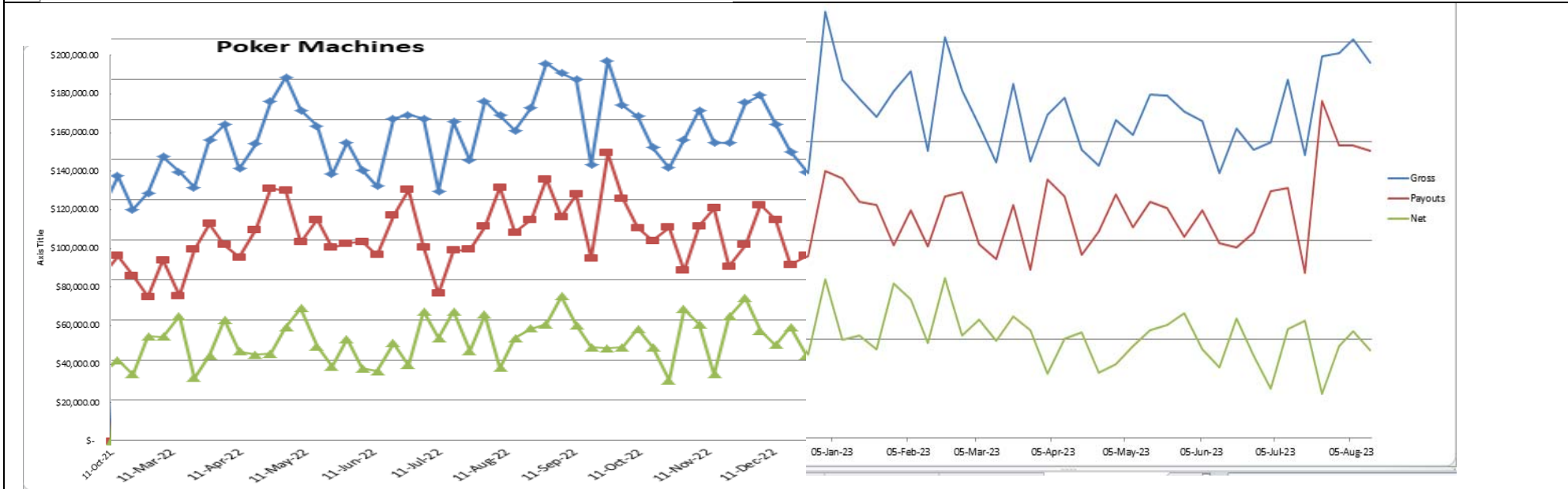
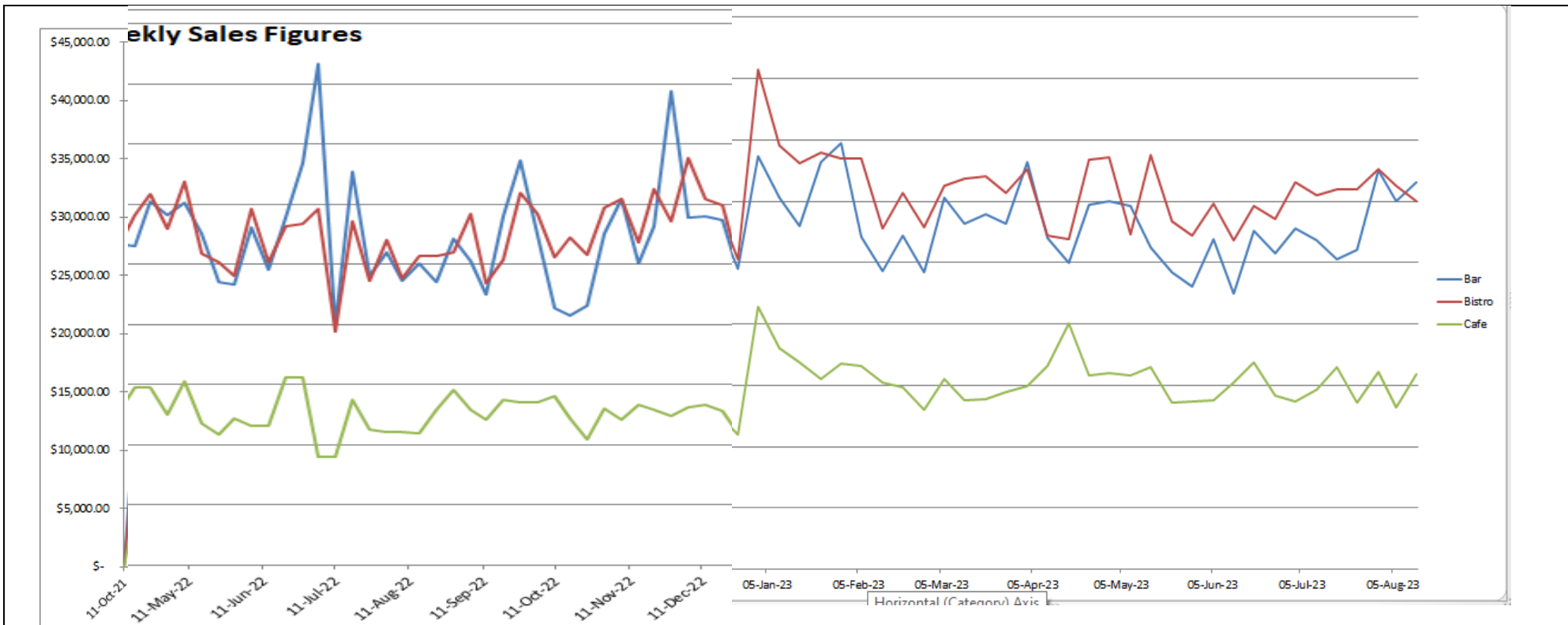


And secondly, a series of Graphs which track Club and Coffee Shop basic trading parameters :

- 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 early May 2022.

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



WANGI DISTRICT WORKERS CLUB LIMITED

CEO REPORT

FOR THE YEAR ENDED 30 JUNE 2023

I am proud to address our members of Wangi District Workers Club in my fourth year as CEO. This last year has seen the Club move forward in many ways and turn a corner on the recent obstacles the Club has faced over the past few years.

Thankfully the era of COVID restrictions has passed which meant the Club could get back to focussing on the provision of the products and services our members and guest enjoy to the highest standard possible.

It has been great to see the return of many of the community groups that patronise the Club. We appreciate your support and continued loyalty to our organisation.

The Club has achieved a strong financial result for the year. Our financial performance has enabled the Board to simultaneously reduce the Club's debt and complete the refurbishment of the Gaming Room, the new Sports Lounge and Disabled toilets. This has given the Club a much-needed refresh to keep us relevant in the market. Further improvements are planned to update the Main Lounge and Auditorium. Investment has also been made this year to assess the viability of the Club further developing Wangi Shores Retirement Village.

Summerhill Park continues to be a sound investment for the Club and maintains a reliable income stream. The village continues to remain fully tenanted and in high demand. Given the limited availability of affordable rental properties locally and regionally, the Park is ideally positioned for continued success.

Market Street Café has continued to grow in terms of patronage and sales performance. Its unique location, quality coffee, superior customer service and value for money food offering has continued to be popular with members and the broader community.

The Club has continued to support the local community with over \$30,000 in donations to various local schools, sporting, and community groups, some of which include Wangi Community Fireworks Incorporated, Wangi Public School, Arcadia Vale Public School, Rathmines Public School, Westlakes District Netball, Westlakes Athletics Club and Westlakes Wildcats Football Club Incorporated, to name a few.

Thank you to all members of the Board of Directors for their continued support. I commend their contribution to the Club via countless volunteer hours assisting with raffles, events, attending Board meetings and being subject to making many difficult decisions to govern the Club. They have shown commitment to improving their governing standards by attending education seminars, implementing sound management oversight practices, and incorporating ethical conduct in the decision-making process. The collaboration between the Board and Management has also established a new ambitious strategic plan for the Club and its subsidiary businesses.

A huge thank you also to our wonderful Management team, led by Kelly Bryant for Club Operations, Cathy Ware at Wangi Shores, and our Club Supervisors, who keep our

operations functioning efficiently and at a very high standard while providing oversight and guidance to our team. Your leadership, support, dedication, and commitment to the Club keeps our organisation strong and is sincerely appreciated.

I would like to thank our team of staff who, in my opinion, set the standard for hospitality service which is what sets our Club apart from our competitors. Not only have our staff managed to maintain the highest of standards, they have also achieved and delivered in a tough labour market, dealing with staff shortages while handling a higher volume of patronage. This is a key driving factor in the Clubs success for the year.

Most importantly thank you to all our members for supporting your Club!

I am grateful to have served as the Clubs CEO for another year and look forward to leading the Club as we develop into the future.

A handwritten signature in black ink that reads "J. Baillie". The signature is written in a cursive, slightly slanted style.

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 2023**

Wangi District Workers' Club Limited ACN 001 029 241

Annual financial report for the year ended 30 June 2023

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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 27 September 2023. 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 2023.

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 Robert Smiles

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 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 Michael Mason

Vice President
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 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.

Mr Alan Eacott

Director
Director since 2022

30 years purchasing officer for NSW public works department, 35 years as director of Sugar Valley Golf Club.

Mr Rodney Boyson

37 years as Mining Deputy

Company secretary

Juston Baillie is the Club Chief Executive Officer. Juston has been an employee of Wangi District Workers' Club Limited for 17 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 Robert Smiles	12	12
Mr Michael Mason	12	11
Mr Robert Porter	12	10
Mr Luke James	12	4
Mr Graham Bonwick	12	11
Mr Daryl Daniels	12	12
Mr Alan Eacott (Appointed 23 November 2022)	6	6
Mr Rodney Boyson (Resigned 5 October 2022)	3	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 10 November 2022.

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2023, 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.

Objectives

The Club's long and short-term objectives are to:

Be the preferred destination for the broader community by continually improving services and facilities that align with community wants, needs and expectations.

In pursuit of this mission, we adopt the following values:

- Community support and contribution
- Exceptional customer service
- Ethical conduct

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 2023, the total amount that members of the Club are liable to contribute if the Club is wound up is \$41,268 (2022: \$38,772).

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.



Robert Smiles - President



Robert Porter - Treasurer

Dated: 27 September 2023
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 2023, 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: 27 September 2023
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 2023

		2023	2022
	Notes	\$	\$
Revenue from continuing operations	2	6,977,728	5,094,503
Other Income	3	2,039,027	141,421
Bar cost of goods sold		(501,200)	(375,316)
Bar direct expenses		(287,216)	(217,209)
Coffee shop cost of goods sold		(247,920)	(159,254)
Coffee shop direct expenses		(435,635)	(287,764)
Gaming direct expenses		(678,913)	(478,121)
Paper gaming expenses		(35,267)	(27,008)
Summerhill park direct expenses		(271,641)	(211,751)
Wangi shores retirement village expenses		(530,771)	(498,397)
Borrowing expenses		(162,437)	(114,409)
Members amenities		(695,761)	(530,404)
Clubhouse operations		(471,946)	(401,089)
Administration expenses		(1,477,558)	(1,188,958)
		(5,796,265)	(4,489,680)
Profit / (loss) before income tax		3,220,490	746,244
Income tax expense	4	-	-
Profit / (loss) for the year		3,220,490	746,244
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		3,220,490	746,244

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	919,923	944,164
Trade receivables	6	18,404	30,203
Inventories	7	67,196	60,647
Financial assets at amortised cost	8	373,226	357,419
Other assets	9	195,727	173,094
Total current assets		1,574,476	1,565,527
Non-current assets			
Financial assets at amortised cost	8	3,240,954	2,992,358
Property, plant and equipment	10	5,872,409	5,313,009
Investment properties	11	55,605,000	54,080,287
Lease assets	12	106,458	20,871
Total non-current assets		64,824,821	62,406,525
Total assets		66,399,297	63,972,052
LIABILITIES			
Current liabilities			
Trade and other payables	13	285,614	277,344
Financial liabilities	14	42,027,771	42,629,314
Provisions	15	211,649	172,404
Other liabilities	16	42,816	128,048
Lease liabilities	12	39,212	6,923
Total current liabilities		42,607,062	43,214,033
Non-current liabilities			
Financial liabilities	14	2,160,000	2,400,000
Provisions	15	14,902	12,681
Other liabilities	16	17,585	17,927
Lease liabilities	12	51,847	-
Total non-current liabilities		2,244,334	2,430,608
Total liabilities		44,851,396	45,644,641
Net assets		21,547,901	18,327,411
MEMBERS FUNDS			
Reserves	17	242,511	242,511
Retained profits		21,305,390	18,084,900
Total members funds		21,547,901	18,327,411

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 2023

	Reserves	Retained	Total
	\$	Profits	\$
Balance at 1 July 2021	242,511	17,338,656	17,581,167
Profit for the year	-	746,244	746,244
Total comprehensive income for the year	-	746,244	746,244
Balance at 30 June 2022	242,511	18,084,900	18,327,411
Profit for the year	-	3,220,490	3,220,490
Total comprehensive income for the year	-	3,220,490	3,220,490
Balance at 30 June 2023	242,511	21,305,390	21,547,901

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 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from members and customers		7,164,336	5,192,650
Payments to suppliers and employees		(5,668,213)	(4,282,026)
Interest received		1,361	25
Interest paid		(162,437)	(114,409)
Government stimulus		-	141,396
Net cash inflow (outflow) from operating activities		1,335,047	937,636
Cash flows from investing activities			
Payments for property, plant and equipment		(991,584)	(225,705)
Payments for investment properties		(91,796)	(102,100)
Net cash inflow (outflow) from investing activities		(1,083,380)	(327,805)
Cash flows from financing activities			
Proceeds from borrowings		218,338	199,984
Repayment of borrowings		(459,172)	(487,385)
Repayment of lease liabilities		(35,074)	(21,967)
Net cash inflow (outflow) from financing activities		(275,908)	(309,368)
Net increase in cash and cash equivalents		(24,241)	300,463
Cash and cash equivalents at the beginning of the financial year		944,164	643,701
Cash and cash equivalents at the end of the financial year	5	919,923	944,164

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 2023

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.

(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 2023, Wangi District Workers' Club Limited has a working capital deficiency of \$41,032,586.

The working capital deficiency is caused by the following:

- (a) residents loan of \$41,625,000 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 \$1,335,047 and a profit of \$3,229,323 during the current year.
- (b) The Club has a budgeted operating cash profit of \$617,711 for the 2024 year.
- (c) The Club has a cash balance at 30 June 2023 of \$919,923.
- (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 and a redraw facility of \$1.38M 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 2023

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
2023	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,038,815	2,625,940	21,774	311,813	-	-	190,931	5,189,273
Other revenue (not covered by AASB15)	-	17,180	-	-	712,516	1,058,759	-	1,788,455
	2,038,815	2,643,120	21,774	311,813	712,516	1,058,759	190,931	6,977,728

Timing of revenue recognition

At a point in time	2,038,815	2,625,940	-	311,813	-	-	190,931	5,167,499
Over time	-	17,180	21,774	-	712,516	1,058,759	-	1,810,229
	2,038,815	2,643,120	21,774	311,813	712,516	1,058,759	190,931	6,977,728

	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

(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 2023

(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

	2023	2022
	\$	\$
(a) Other income		
Change in fair value of investment properties	2,037,666	-
Interest income	1,361	25
Government stimulus payment - JobSaver	-	141,396
	<u>2,039,027</u>	<u>141,421</u>

(i) *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 Mobile Home Park.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *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	1,787,736	1,315,818
Interest costs	162,437	114,409
Depreciation and amortisation expense	474,293	451,271

Notes to the financial statements

For the year ended 30 June 2023

4 Income tax expense

	2023	2022
	\$	\$

(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	3,220,490	746,244
Tax at the Australian tax rate at 25.0% (2022: 25.0%)	805,123	186,561
Add/(Less) tax effect of:		
Non deductible expenses	1,078	1,138
Non assessable income	-	(35,349)
Apportionment adjustment members income and expenses	25,332	53,851
Timing Differences	(706,602)	(210,870)
Carried forward losses not recognised / (recouped)	(124,931)	4,669
Income tax expense	-	-

(b) The Directors estimate that the potential deferred tax asset as at 30 June 2023 not brought to account is as follows:

Tax losses at 25.0% (2022: 25.0%)	1,588,978	1,713,909
	1,588,978	1,713,909

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	919,923	944,164
	919,923	944,164

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	18,404	30,203
	18,404	30,203

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 2023

7 Inventories

	2023	2022
	\$	\$
Current		
Stock on hand	67,196	60,647
	<u>67,196</u>	<u>60,647</u>

Accounting policy

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

8 Financial assets at amortised cost**Current**

Other receivables	4,936	17,378
Deferred management fee receivable (i)	368,290	340,041
	<u>373,226</u>	<u>357,419</u>

Non - Current

Deferred management fee receivable (i)	3,240,954	2,992,358
	<u>3,240,954</u>	<u>2,992,358</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	195,727	173,094
	<u>195,727</u>	<u>173,094</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 2023

10 Property, plant and equipment

	Work in Progress \$	Land and buildings \$	Plant and equipment \$	Poker Machines \$	Total \$
Non-current assets					
At 1 July 2022					
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
Year ended 30 June 2023					
Opening net book amount	4,790	4,491,686	620,352	196,181	5,313,009
Additions	31,277	435,657	361,125	172,011	1,000,070
Depreciation charge	-	(179,998)	(142,521)	(118,151)	(440,670)
Closing net book amount	36,067	4,747,345	838,956	250,041	5,872,409
At 30 June 2023					
Cost	36,067	8,860,623	3,168,636	2,063,909	14,129,235
Accumulated depreciation	-	(4,113,278)	(2,329,680)	(1,813,868)	(8,256,826)
Net book amount	36,067	4,747,345	838,956	250,041	5,872,409

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 2023

11 Investment properties

	Wangi Shores Retirement Village	Summerhill Park	2023 \$ Total	2022 \$ Total
Non-current assets - at fair value				
Opening balance at 1 July	47,203,029	6,877,258	54,080,287	44,467,187
Additions at cost	60,940	30,856	91,796	102,100
Net gain / (loss) from fair value adjustment - allocated to Village residents loan	(604,749)	-	(604,749)	9,511,000
Net gain / (loss) from fair value adjustment - allocated to income statement	445,780	1,591,886	2,037,666	-
Closing balance at 30 June	<u>47,105,000</u>	<u>8,500,000</u>	<u>55,605,000</u>	<u>54,080,287</u>

The Directors have determined the fair value of investment properties based on independent valuations obtained for the Wangi Shores Retirement Village from Integrity Property Consultants Pty Limited, and for Summerhill Park from Chadwick Property Valuers. 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 2023.

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 constructed Villas 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 including undeveloped land 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 2023

12 Lease assets and lease liabilities

2023	2022
\$	\$

The Club leases poker machine assets.

a) Lease assets**Non-current**

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

Poker Machines

106,458	20,871
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Reconciliation of lease assets**2023****Carrying amount at the beginning of the year**

Additions

Amortisation

Carrying amount at the end of the year

Poker Machines	Total	Total
\$	\$	\$
20,871	20,871	39,635
119,210	119,210	-
(33,623)	(33,623)	(18,764)
106,458	106,458	20,871

b) Lease liabilities**Current**

Lease liabilities

Non-current

Lease liabilities

Total

39,212	39,212	6,923
51,847	51,847	-
91,059	91,059	6,923

Reconciliation of lease liabilities**2023****Carrying amount at the beginning of the year**

Additions

Interest expense

Lease payments

Carrying amount at the end of the year

Poker Machines	Total	Total
\$	\$	\$
6,923	6,923	28,890
119,210	119,210	-
3,884	3,884	1,153
(38,958)	(38,958)	(23,120)
91,059	91,059	6,923

Maturity analysis of future lease payments

Not later than 1 year

Later than 1 year and not later than 5 years

Lease payments

42,696	42,696	6,936
53,370	53,370	-
96,066	96,066	6,936

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 weighted average incremental borrowing rate used was 5.0%.

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 2023

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 2023 financial year was \$712,516 (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.

Operating lease revenue	Summerhill Park \$	Wangi Shores \$	Total \$
Less than one year	35,106	692,280	727,386
One to two years	-	562,028	562,028
Two to three years	-	456,024	456,024
Three to four years	-	386,558	386,558
Four to five years	-	268,792	268,792
More than five years	-	249,186	249,186
Total	35,106	2,614,868	2,649,974

13 Trade and other payables

	2023 \$	2022 \$
Current		
Trade payables and accruals	235,293	232,677
GST payable	50,321	44,667
	285,614	277,344

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 2023

14 Financial liabilities	2023	2022
	\$	\$
Current		
<i>Secured</i>		
Residents loan	41,625,000	42,225,709
Bank loans (i)	250,000	250,000
Other loans (ii)	-	14,429
Total secured financial liabilities	<u>41,875,000</u>	<u>42,490,138</u>
<i>Unsecured</i>		
Insurance loan	152,771	139,176
Total unsecured financial liabilities	<u>152,771</u>	<u>139,176</u>
	<u>42,027,771</u>	<u>42,629,314</u>
Non-current		
<i>Secured</i>		
Bank loans (i)	2,160,000	2,400,000
Total secured financial liabilities	<u>2,160,000</u>	<u>2,400,000</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.

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 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.

The Club has a \$500,000 line of credit facility which is fully undrawn, along with a redraw facility of \$1.38M on existing loans.

(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 a 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 2023

15 Provisions

	2023	2022
	\$	\$
Current		
Employee entitlements (i) & (ii)	211,649	172,404
	<u>211,649</u>	<u>172,404</u>
Non-current		
Employee entitlements (ii)	14,902	12,681
	<u>14,902</u>	<u>12,681</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	11,900	107,100
Contract liabilities - wangi shores revenue	8,749	-
Contract liabilities - Summerhill park revenue	10,599	10,599
Contract liabilities - membership revenue	11,568	10,349
	<u>42,816</u>	<u>128,048</u>

Non-current

Contract liabilities - membership revenue	17,585	17,927
	<u>17,585</u>	<u>17,927</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	Funds acquired from Club	Total
	\$	\$	\$
Balance at 1 July 2022	35,050	207,461	242,511
Balance at 30 June 2023	<u>35,050</u>	<u>207,461</u>	<u>242,511</u>

18 Commitments**(i) Capital Commitments**

Jetty upgrades	-	119,000
Wangi Shores - Block K	24,778	-
Club Renovations	158,583	-
	<u>183,361</u>	<u>119,000</u>

Notes to the financial statements

For the year ended 30 June 2023

	2023	2022
	\$	\$
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 2023 the Club's contingent commitment was \$5,300 (53 members) (2022: \$5,300). 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	409,308	349,071
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21 Remuneration of auditors*Auditor of the company*

Audit of the financial statements	27,200	26,400
Other statutory assurance services	9,200	5,600
Other services - taxation compliance services	5,090	4,870
Other services - consulting services	33,800	26,280
	<u>75,290</u>	<u>63,150</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 2023

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.

	Licensed Club		Property Investments	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenues from operations and other income	5,207,814	3,712,876	3,808,941	1,523,048
Segment result (before tax)	286,416	6,581	2,934,074	739,663
Segment Assets	7,185,053	6,559,366	59,214,244	57,412,686
Segment Liabilities	3,207,048	3,402,819	41,644,348	42,241,822

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 2023 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.



Robert Smiles - President



Robert Porter - Treasurer

27 September 2023
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 2023, 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 2023 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 2023, 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 Directors Report, 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 Club are responsible for the preparation and fair presentation of the financial report 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. Those charged with governance are responsible for overseeing the Club's financial reporting process.

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 2023 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.

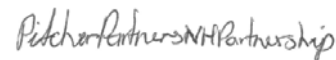
Auditor's responsibilities for the audit of the financial report

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



Pitcher Partners NH Partnership
Chartered Accountants

27 September 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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