



ANNUAL REPORT

2020



**SHELLHARBOUR
WORKERS' CLUB LTD**

ABN 69 001 068 864





Vision
***To enable the
community
to reach its
highest
potential***

From the President

On behalf of the Board of Directors I present the Annual Report for Shellharbour Workers' Club Limited for the year ending 30 June 2020. It has certainly been a 'different' year compared to previous years. The industry has been challenged, particularly over the past 6 months with floods, fire and of course the greatest challenge - the COVID-19 pandemic. Despite these challenges the Club has continued to press forward and we have come out the other side in a healthy and stable position. This is thanks to the continued commitment of the Board of Directors, Management Team and staff throughout this difficult period. We would like to thank our wonderful members and visitors for supporting us throughout this time - without your support our success would not be possible.

Despite the challenges and the closure of the Club during the shutdown period it has also been a very busy year and work did not stop. We have continued to focus on the delivery of our Strategic Plan and Estate Plans. Work has continued on the refresh of The Shellharbour Club facilities, construction of The Imperial at Clifton and planning for future projects.

During this time we have also completed changes to the sub-division plans for the Shellharbour site - creating added value to the primary asset. We have come back strong and committed to the future. Return to business in June has been positive and has enabled the business to recover quickly. The end of year financial outcome is a Gross Profit of \$1,068,521. An extremely positive outcome considering the investments made throughout the year and such a difficult period in the history of the Club.

Thank you for your support...

MARK CLIMO, PRESIDENT



*Most importantly...
thank you to our
members and to
the broader
community for
your support
throughout the
past year.*



BRIAN GOODALL
VICE PRESIDENT



DIANNE HYDE



LUKE McPHIE



SCOTT MURPHY



PETER COOPER



PATRICK SHORTALL

TOTAL TRAINING HOURS
2,662

\$20,000
*DONATED TO BUSHFIRE
& DROUGHT RELIEF*

VALUES
INTEGRITY
COMMITMENT
EXCELLENCE
EMPOWERMENT

114
EMPLOYEES

FULL-TIME EMPLOYEES 40%
PART-TIME EMPLOYEES 60%

 **TOTAL HOURS WORKED**
134,657

OVER THE LAST 5 YEARS
THE SHELLHARBOUR CLUB
HAS CONTRIBUTED
OVER \$2.1M
TO THE COMMUNITY
THROUGH THE
ClubGRANTS SCHEME



MEMBERS ***29,081***

36%
OF MEMBERS
LIVE OUTSIDE
THE 5KM
RADIUS

OVER 65 MILLION

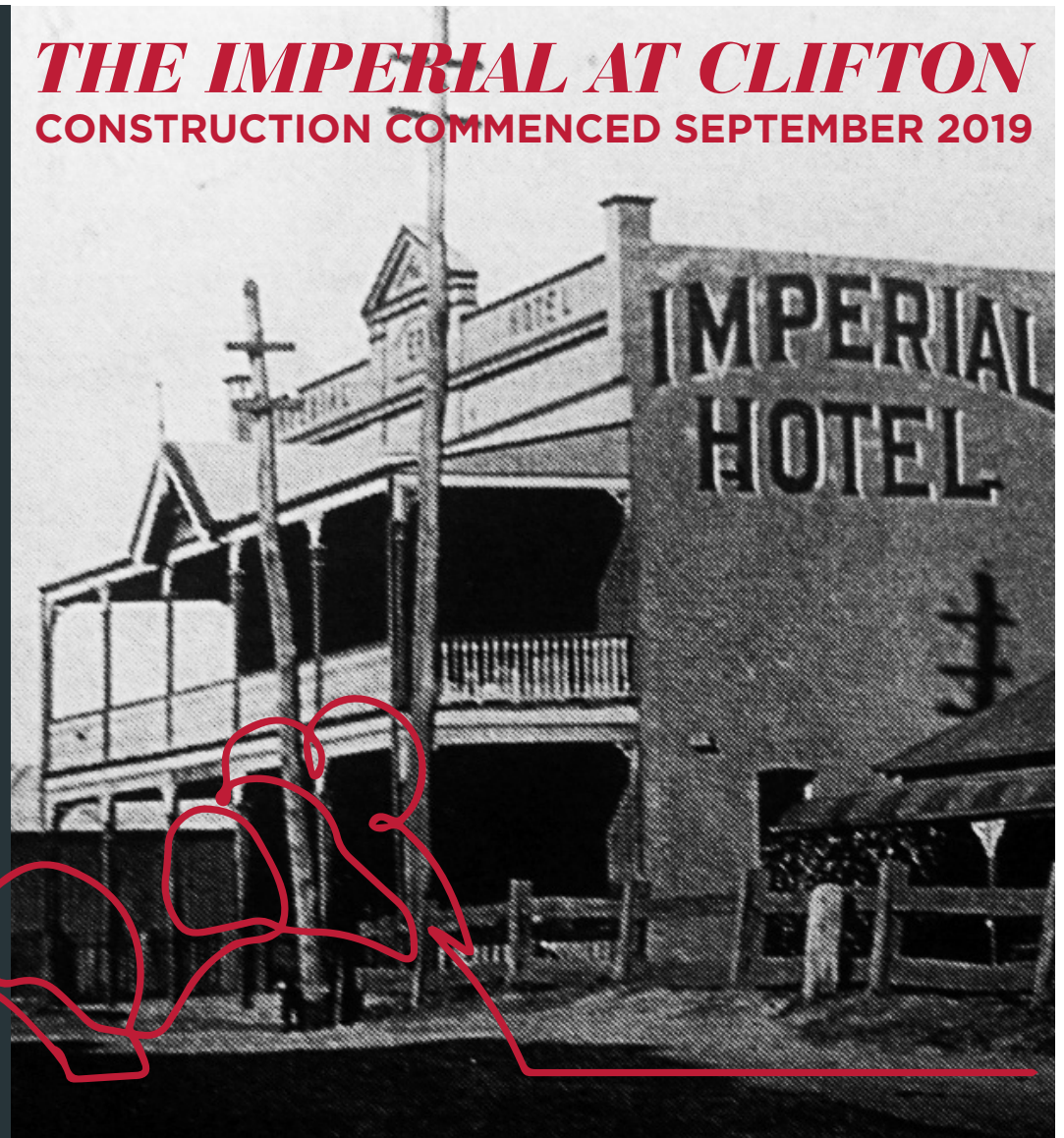
my Shelly's
REWARDS

POINTS
PROVIDED
TO MEMBERS

***FAMILIES WITH
CHILDREN
ACCOUNT FOR***
45%
***OF THE
SHELLHARBOUR
POPULATION***

**POPULATION
GROWTH IS
FORECAST TO
INCREASE BY
APPROXIMATELY**
28%
**ACROSS THE
SHELLHARBOUR
LGA IN THE NEXT
20 YEARS**

THE IMPERIAL AT CLIFTON
CONSTRUCTION COMMENCED SEPTEMBER 2019



Update Shellharbour

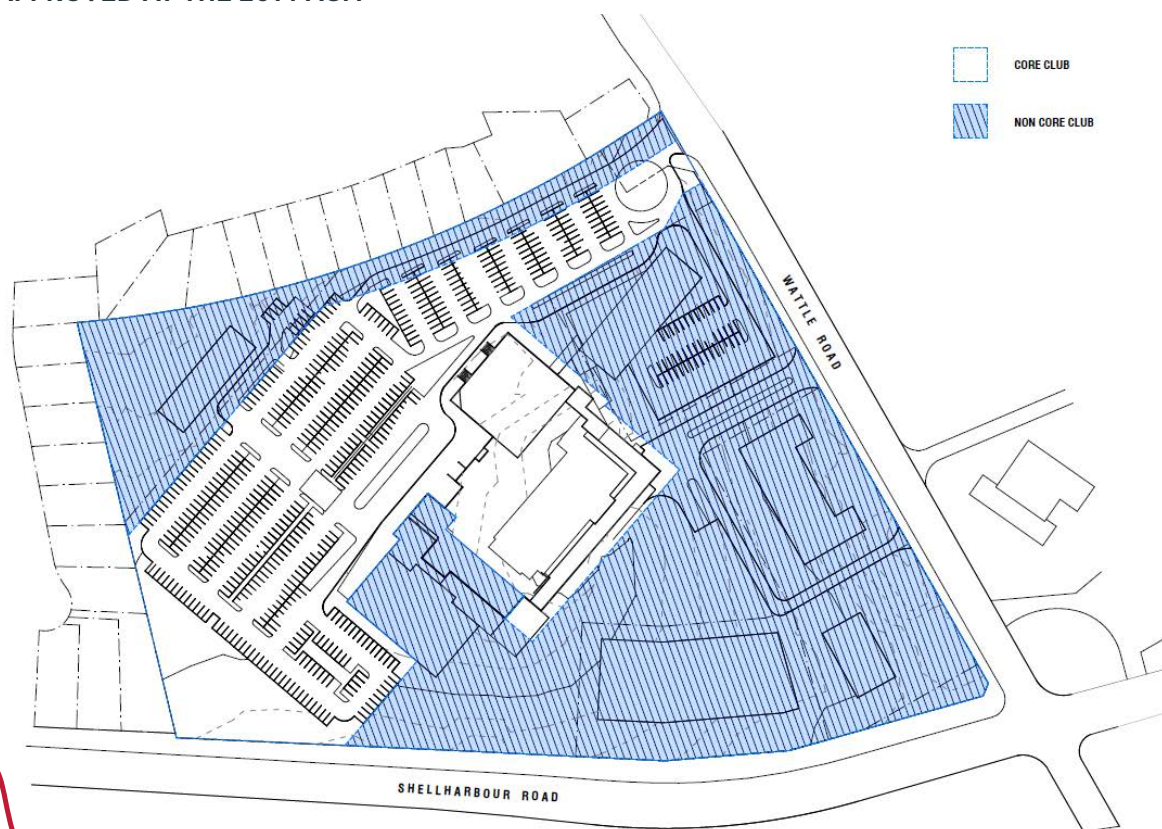
*‘Sub-dividing
to create value’*

We have continued to focus on the delivery of the Estate Plan for the Shellharbour Site and our sub-division strategy to create land value.

The Shellharbour site currently has 3 land parcels registered with NSW Land Registry that reflect the Core and Non-Core Plan.

The Shellharbour Site Core and Non-Core Plan

APPROVED AT THE 2014 AGM



The Shellharbour Club upgrades continued...



***Fiftysix
Dining
Refresh***

BEFORE



AFTER



***Main
Bar
Refresh***

BEFORE



AFTER



The Shellharbour Club



BEFORE

Gaming Refresh



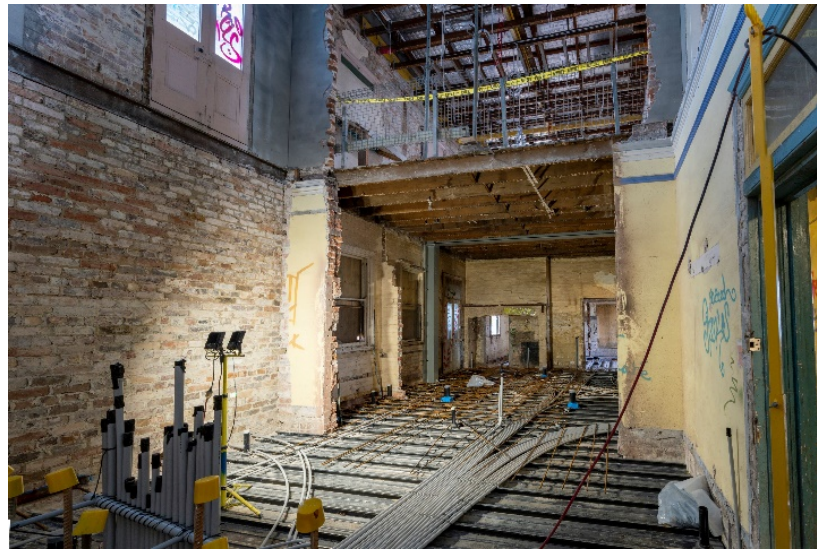
AFTER

*Optimising the
Core Asset...*

— THE IMPERIAL — CLIFTON

*We can see the
light at the end
of the tunnel...*

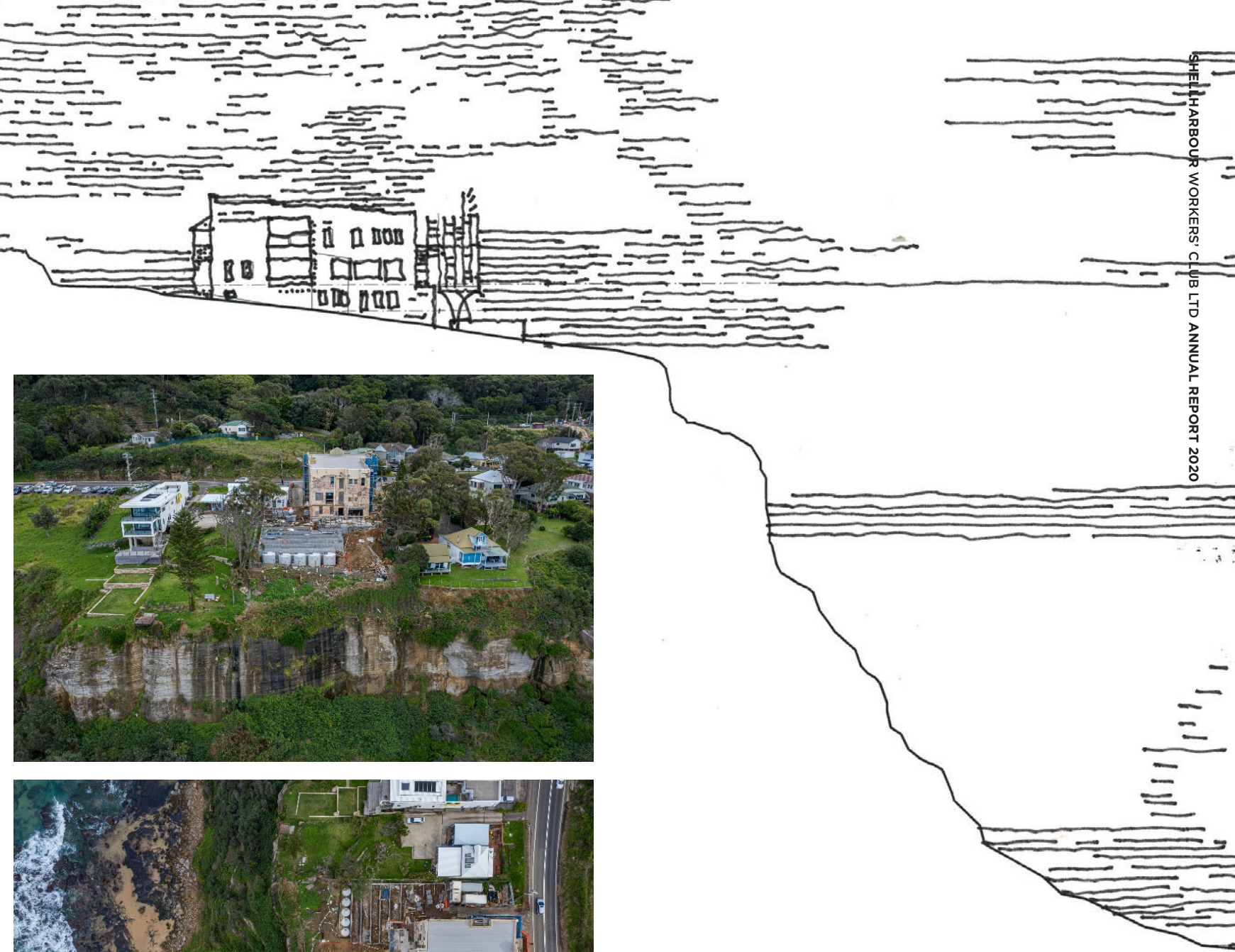




*Investing in
diversification*

Location, location, location...



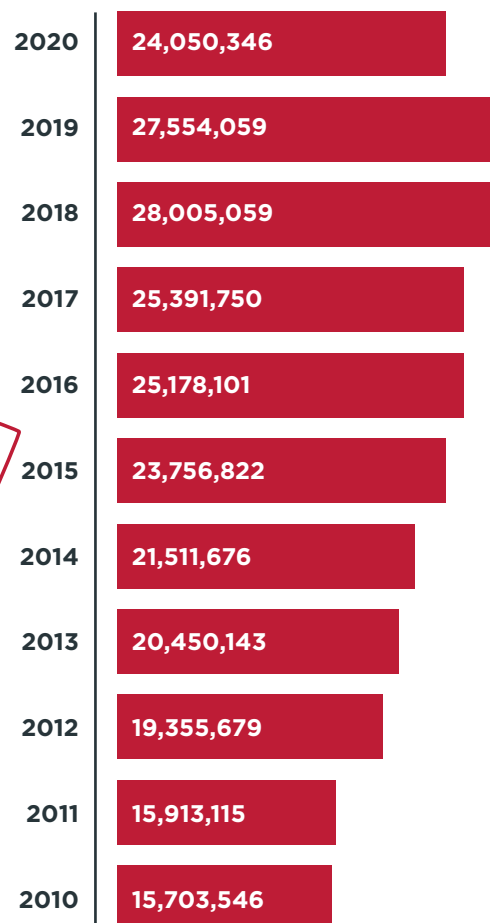


Financial Snapshot

COVID-19 Pandemic
Business Closure
23rd March 2020 –
1st June 2020

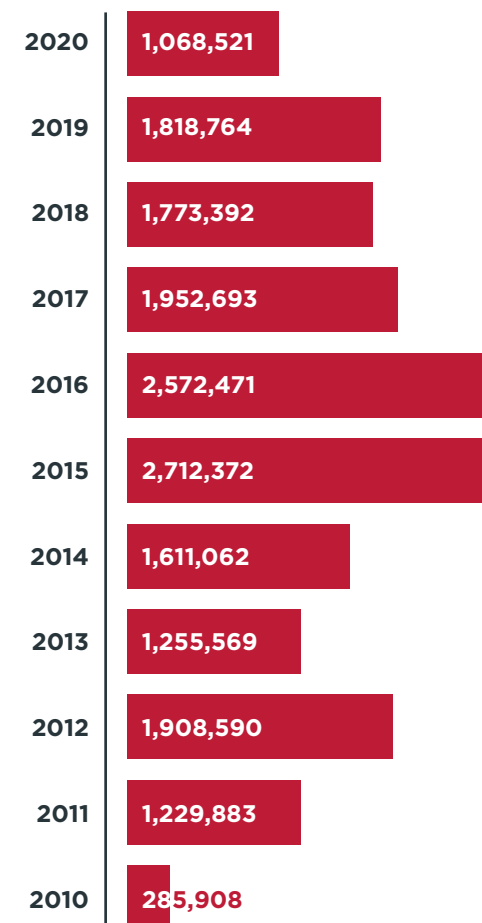


Gross Revenue \$



\$24,050,346
TOTAL GROSS REVENUE

Gross Profit \$



\$1,068,521
GROSS PROFIT

EBITDA \$

2020	5,654,336
2019	6,386,115
2018	5,863,992
2017	5,314,931
2016	5,643,223
2015	5,636,859
2014	4,707,440
2013	3,930,637
2012	4,036,280
2011	2,679,747
2010	2,016,445

\$5,654,336**EBITDA**

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION

EBITDA %

2020	24.55%
2019	23.18%
2018	21.12%
2017	20.93%
2016	22.41%
2015	23.73%
2014	22.38%
2013	19.28%
2012	21.17%
2011	16.91%
2010	12.98%

24.55%**EBITDA**

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION

Total Assets \$

2020	55,092,286
2019	48,747,460
2018	47,833,327
2017	47,004,143
2016	37,571,358
2015	32,910,310
2014	29,066,863
2013	29,593,818
2012	22,614,901
2011	15,655,591
2010	13,736,273

\$55,092,286**TOTAL ASSETS**

Directors' Report

The directors of Shellharbour Workers' Club Ltd (the "Company" or "Club") present this report, together with the financial statements for the financial year ended 30 June 2020.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE AND RESPONSIBILITIES
MARK CLIMO	President	Director 2007 - Current Club Member 1990 - Current Life Member 2018 - Current	Occupation - Real Estate Sales Training - Cert IV Corporate Governance Director - Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling
BRIAN GOODALL	Vice President	Director 2013 - Current Club Member 1996 - Current	Occupation - Business Manager Sub-committees - Audit, Risk & Compliance Committee; Remuneration Committee Training - Cert IV Corporate Governance Director - Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE AND RESPONSIBILITIES
DIANNE HYDE	Director	Director 1975 - 1986 Director 2000 - Current Club Member 1969 - Current Life Member 1985 - Current	Occupation - Business Owner Sub-committee - ClubGRANTS Committee Training - Cert IV Corporate Governance Director - Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling
PETER COOPER	Director	Director 2009 - 2013 Director 2015 - Current Member 2000 - Current	Occupation - Social Worker (Retired) Sub-committees - Audit, Risk & Compliance Committee, Remuneration Committee Training - Director Foundation & Management Collaboration Finance for Club Boards Responsible Service of Alcohol Responsible Conduct of Gambling
LUKE McPHIE	Director	Director 2013 - Current Member 1997 - Current	Occupation - Police Officer (Retired) Sub-committees - ClubGRANTS Committee Training - Cert IV Corporate Governance Director - Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE AND RESPONSIBILITIES
SCOTT MURPHY	Director	Director 2016 - Current Member 1998 - Current	Occupation – Commercial Manager Sub-committee – Remuneration Committee, ClubGRANTS Committee Training – Director Foundation & Management Collaboration Finance for Club Boards Responsible Services of Alcohol Responsible Conduct of Gambling
PATRICK SHORTALL	Director	Board Appointed Director July 2018 - October 2018 Director October 2018 - Current Member 2006 - Current	Occupation: Managing Director Sub-committee – Audit Risk & Compliance Committee Training – Director Foundation & Management Collaboration Finance for Club Boards Responsible Services of Alcohol Responsible Conduct of Gambling

CHIEF EXECUTIVE OFFICER/COMPANY SECRETARY

Debra Cosmos was appointed Company Secretary on 4 May 2013. Debra commenced employment with the Club in 1995 and has a Diploma in Hospitality Management, Advance Diploma in Social Welfare, Certificate IV in Workplace Training and Assessment, Certificate IV in Corporate Governance, Responsible Service of Alcohol Certificate and Responsible Conduct in Gambling Certificate.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was that of a Registered Club.

OPERATING RESULTS FOR THE YEAR

The Company achieved a profit of \$1,129,877 for the 2020 year (2019: \$1,705,743).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

BUSINESS OVERVIEW

Annually the board of directors review and set the strategic direction for the Company. The annual strategic planning process is a collaboration of the board of directors and the management team working together to set priorities. It is a disciplined process that produces key actions that shape and guide what the business is, who it serves, what it does and why it does it, with a focus on the future. This process is always guided by our vision: "To enable the community to reach its highest potential."

The strategic plan is underpinned by a detailed review of the business Strengths, Weaknesses, Opportunities and Threats (SWOT). In response to the SWOT analysis, four primary objectives are set that enable the Company to optimise strengths and possible opportunities whilst addressing identified weaknesses and minimising potential threats. The objectives provide a rolling five year view towards progressive growth of the business aimed at optimising the existing Company assets, capturing new products and services and working towards sustainable diversification. The corresponding strategies provide the specific direction required to achieve these objectives.

The four primary objectives of the Company are:

Market Positioning

To ensure that the Company is positioned strategically within the market to increase market share.

Asset Management

To manage the acquisition, development, use and disposal of Company Assets.

People Culture

To ensure the organisational design, human resources and systems enable optimal performance of the Company.

Risk Management

To implement and connect risk management to business planning and decision making.

MEASUREMENT OF SUCCESS

The Club measures success against industry wide benchmarks and key performance indicators for:

- EBITDA - Earnings before interest, tax, depreciation, amortisation
- Revenue
- Patron visitation
- Member satisfaction
- Community Benefit through the ClubGRANTS Scheme
- Community Engagement

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums in respect of a contract insuring all directors and executives of Shellharbour Workers' Club Ltd against legal liability arising from any wrongful act committed, attempted or allegedly committed or attempted in the course of their duties as a director or executive of the Company. Total premiums paid during the financial year were \$9,165 (2019: \$7,738).

INDEMNIFICATION OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

DIRECTORS' ENTITLEMENTS

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the Company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest with the exception of:

Dianne Hyde, a Director of Warilla Florist - supplied goods (flowers) to the Club totalling \$1,345 (2019: \$1,036).

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Company's accounts or the fixed salary of a full time employee of the Company, controlled entity or related body corporate.

DIRECTORS' MEETINGS

The number of Director Meetings and Sub-committee Meetings attended by each director during the year were as follows:

NAME	BOARD MEETINGS		SUB-COMMITTEE MEETINGS		
	MONTHLY BOARD MEETING	SPECIAL BOARD MEETING	AUDIT, RISK & COMPLIANCE COMMITTEE MEETING	ClubGRANTS COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING
MARK CLIMO	12	4	-	-	-
BRIAN GOODALL	12	4	4	-	1
DIANNE HYDE	11	4	-	1	-
LUKE McPHIE	12	4	-	1	-
PETER COOPER	12	4	4	-	1
SCOTT MURPHY	12	4	-	1	1
PATRICK SHORTALL	12	4	4	-	-

MEMBERS GUARANTEES

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$2 each. At 30 June 2020 the number of members was 29,081 (2019: 29,635) as follows:

NUMBER OF MEMBERS	
LIFE MEMBERS	10
FULL MEMBERS	29,071
TOTAL MEMBERS	29,081

At 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$58,162 (2019: \$59,270).

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found attached to the directors' report.

Signed in accordance with a resolution of the directors.

**MARK CLIMO**

President

31 August 2020

**BRIAN GOODALL**

Vice President

31 August 2020

Auditor's independence declaration



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Auditor's Independence Declaration to the Directors of Shellharbour Workers' Club Ltd

As lead auditor for the audit of the financial report of Shellharbour Workers' Club Ltd for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

Ernst & Young

Daniel Cunningham
Partner
Sydney

31 August 2020

Statement of profit or loss and other comprehensive income

AS AT 30 JUNE 2020

	NOTES	2020 \$	2019 \$
Revenue from contracts with customers	4.1	22,648,789	27,301,649
Rental income		404,057	416,778
JobKeeper subsidy income		997,500	-
REVENUE		24,050,346	27,718,427
Other income	5	59,333	-
Cost of sales		(2,149,418)	(2,621,500)
Employee benefits expense		(5,647,888)	(7,251,330)
Depreciation expense		(3,312,491)	(3,354,765)
Other operating expenses	6	(11,254,890)	(11,649,459)
Finance income		3,466	4,855
Finance costs		(679,961)	(1,027,469)
PROFIT BEFORE INCOME TAX EXPENSE		1,068,497	1,818,759
Income tax credit/(expense)	7	61,380	(113,016)
PROFIT FOR THE YEAR		1,129,877	1,705,743
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,129,877	1,705,743

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

Statement of financial position

AS AT 30 JUNE 2020

	NOTES	2020 \$	2019 \$
ASSETS			
Current assets			
Cash	8	5,735,472	2,591,771
Trade and other receivables	9	364,731	261,005
Inventories	10	200,517	218,719
Prepayments		38,085	209,639
Income tax receivable		111,528	-
TOTAL CURRENT ASSETS		6,450,333	3,281,134
Non-current assets			
Property, plant and equipment	11	44,216,191	40,946,076
Investment property	12	3,175,142	3,331,010
Intangible assets	13	1,168,259	1,168,259
Deferred tax assets	7	82,361	20,981
TOTAL NON-CURRENT ASSETS		48,641,953	45,466,326
TOTAL ASSETS		55,092,286	48,747,460
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	14	3,752,561	2,167,007
Interest-bearing loans and borrowings	15	2,400,000	2,400,000
Employee benefit liabilities	16	943,627	981,543
Income tax payable		-	64,660
Other liabilities	17	8,055	14,364
TOTAL CURRENT LIABILITIES		7,104,243	5,627,574

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

Statement of financial position

(CONTINUED)

AS AT 30 JUNE 2020

	NOTES	2020 \$	2019 \$
Non-current liabilities			
Interest-bearing loans and borrowings	15	22,026,300	18,310,000
Employee benefit liabilities	16	151,831	101,368
Other liabilities	17	152,838	181,321
TOTAL NON-CURRENT LIABILITIES		22,330,969	18,592,689
TOTAL LIABILITIES		29,435,212	24,220,263
EQUITY			
Retained earnings		25,657,074	24,527,197
TOTAL EQUITY		25,657,074	24,527,197
TOTAL LIABILITIES AND EQUITY		55,092,286	48,747,460

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

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

	RETAINED EARNINGS \$	TOTAL \$
AT 1 JULY 2019	24,527,197	24,527,197
Profit for the year	1,129,877	1,129,877
Other comprehensive income	-	-
Total comprehensive income for the year	1,129,877	1,129,877
AT 30 JUNE 2020	25,657,074	25,657,074
 AT 1 JULY 2018	 22,821,454	 22,821,454
Profit for the year	1,705,743	1,705,743
Other comprehensive income	-	-
Total comprehensive income for the year	1,705,743	1,705,743
 AT 30 JUNE 2019	 24,527,197	 24,527,197

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

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020 \$	2019 \$
OPERATING ACTIVITIES			
Receipts from customers		26,351,655	30,454,705
Payments to suppliers and employees		(19,640,206)	(23,167,106)
Interest received		3,466	4,855
Interest paid		(679,961)	(824,698)
Income tax paid		(176,188)	(109,986)
NET CASH FLOWS FROM OPERATING ACTIVITIES		5,858,766	6,357,770
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		68,319	193,223
Purchase of property, plant and equipment		(6,499,684)	(4,450,483)
Purchase of intangibles		-	(420,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(6,431,365)	(4,677,260)
FINANCING ACTIVITIES			
Proceeds from/(repayment of) borrowings		3,716,300	(1,269,997)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		3,716,300	(1,269,997)
Net increase in cash and cash equivalents		3,143,701	410,513
Cash and cash equivalents at 1 July		2,591,771	2,181,258
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	5,735,472	2,591,771

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

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

The financial report of Shellharbour Workers' Club Limited (the "Company" or "Club") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 31 August 2020.

Shellharbour Workers' Club Limited is a not-for-profit entity limited by guarantee, incorporated and domiciled in Australia.

The Company's registered office and principal place of business is Lot 105, Shellharbour Road, Shellharbour NSW 2529.

The nature of the operations and principal activities of the Company are described in the director's report. Information on other related party relationships of the Company is provided in Note 18.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2020, the Club's total current liabilities exceeded total current assets by \$653,910 (2019: \$2,346,440). Given that there are \$7,673,700 of financing facilities available for use at 30 June 2020 (2019: \$4,800,000), in addition to the financing facilities available to the Club, management have projected the Company will continue to generate positive cash flows from operating activities for the 2021 financial year (2020: \$5,858,766 net cash flow from operating activities). Based on the above, the Directors have concluded that the use of the going concern assumption in the preparation of the financial statements is appropriate.

b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Australian Accounting Standards contain requirements specific to not-for-profit entities, including standards AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, AASB 136 Impairment of Assets and AASB 1058 Income For Not Profit Entities.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$).

c) Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

The Company applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-For-Profit Entities and AASB 16 Leases for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Several other amendments and interpretations apply for the first time in 2019/2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted AASB 15 using the modified retrospective method of adoption. There was no significant impact on recognition or measurement in the financial statements as a result of the adoptions but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

AASB 1058 Income of Not-For-Profit Entities

AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services).

The Company adopted AASB 1058 using the modified retrospective method of adoption. The classification and measurement requirements of AASB 1058 did not have a material impact in the Company, but there have been some changes in the disclosures resulting from the adoption of the accounting standard.

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The adoption of AASB 16 Leases did not have any impact on the Company's accounting policies as the Company has not entered any lease arrangements for the year ended 30 June 2020.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

and have not been adopted by the Company for the annual reporting period ended 30 June 2020. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

d) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Cash

Cash in the statement of financial position comprises cash on hand and at bank.

For the purpose of the statement of cash flows, cash and cash equivalents include cash, as defined above.

f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less provision for expected credit loss.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. To measure the expected credit losses, trade receivables have been grouped based on outstanding balances, days past their due date and

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

the corresponding historical credit losses experienced adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of customers to settle their debts.

g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Land and buildings are measured at cost less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Freehold land	Not depreciable
Buildings	2 - 8%
Poker machines	10 - 50%
Plant and equipment	5 - 40%
Motor vehicles	22.50%
Capital work in progress	Not depreciable

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

i) Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is measured at cost, net of accumulated depreciation and accumulated impairments losses, if any.

Investment property are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Depreciation is calculated using the diminishing value method at a depreciation rate of 2.5% over a useful life of 40 years.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Licences

Licences pertaining to gaming machine entitlements which represents the right to operate gaming machines are granted for an indefinite period.

k) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value and, net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount, by which the carrying amount of an asset exceeds recoverable amount, which is defined for not for profit entities as the higher of an asset's fair value less costs to sell or depreciated replacement cost. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows. An impairment loss is recognised in the statement of profit and loss and other comprehensive income.

n) Employee benefit liabilities

Long service leave and annual leave

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

o) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

p) Revenue from contracts with customers

For the year ended 30 June 2020

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

Rendering of services

Revenue from rendering of services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

For the year ended 30 June 2019

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

q) JobKeeper subsidy income

JobKeeper subsidy income is a government grant which relates to wages and salaries, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

r) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

s) Finance income

Interest income is recorded using the EIR. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

t) Taxes

Income tax

The Income Tax Assessment Act 1997 (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. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

t) Taxes (continued)

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment - General

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These may differ from accrual.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Long service leave liability

As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Key judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Poker machine licenses

The Company holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the Company has determined that fair value at grant date for licences granted pre April 2002 to be zero. Should licences be granted to the Company post April 2002 they will be initially recognised at fair value. The Company has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2020 \$	2019 \$
TYPES OF GOODS OR SERVICE		
Sale of goods	6,272,665	7,569,463
Rendering of services	16,376,124	19,732,186
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	22,648,789	27,301,649
TIMING OF REVENUE RECOGNITION		
Goods transferred at a point in time	6,272,665	7,569,463
Services transferred at a point in time	16,219,265	19,551,550
Services transferred over time	156,859	180,636
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	22,648,789	27,301,649

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5. OTHER INCOME

	2020 \$	2019 \$
Gain on disposal of property, plant and equipment	59,333	-

6. OTHER OPERATING EXPENSES

	2020 \$	2019 \$
Loss on disposal of property, plant and equipment	-	200,701
Bar indirect expenses	116,507	151,872
Catering indirect expenses	324,383	361,464
Gaming indirect expenses	534,340	624,527
Poker machine tax	3,764,112	4,589,281
Advertising and promotional expenses	2,086,253	2,502,304
Donations	302,001	379,356
Maintenance costs	534,974	527,453
Club services	1,494,254	1,806,155
Members expenses	131,091	137,037
Administration costs	1,966,975	369,309
TOTAL OTHER OPERATING EXPENSES	11,254,890	11,649,459

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7. INCOME TAX

(a) The major components of income tax expense for the years ended 30 June 2020 and 2019 are:

	2020 \$	2019 \$
Current income tax:		
Current income tax charge	-	184,070
Deferred tax:		
Relating to the origination and reversal of temporary differences	(61,380)	(62,978)
Adjustment relating to prior year	-	(8,076)
INCOME TAX (CREDIT)/EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	(61,380)	113,016

(b) A reconciliation of tax expense and the accounting profit multiplied by Australian's domestic tax rate for the years 2020 and 2019:

	2020 \$	2019 \$
Accounting profit before tax	1,068,497	1,818,759
At Company's statutory income tax rate of 30% (2019: 30%)	320,549	545,628
Non-deductible expenses for tax purposes		
Other non-deductible differences	260,719	492,672
Net income from members not subject to tax	(642,648)	(917,208)
Adjustment relating to prior year	-	(8,076)
AGGREGATE INCOME TAX (CREDIT)/EXPENSE	(61,380)	113,016

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Deferred tax

Deferred tax relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
	2020 \$	2019 \$	2020 \$	2019 \$
Blackhole deductions	5,373	9,363	3,991	(8,322)
Borrowing costs	355	1,641	1,286	1,683
Accruals	(105,691)	8,787	114,478	(8,787)
Provisions	79,484	68,469	(11,015)	5,955
Fixed assets	66,840	(67,279)	(134,120)	(53,507)
FBT installment	36,000	-	(36,000)	-
DEFERRED TAX EXPENSE			(61,380)	(62,978)
NET DEFERRED TAX ASSETS	82,361	20,981		

Reflected in the statement of financial position as follows:

Deferred tax assets	123,966	88,260	-	-
Deferred tax liabilities	(41,605)	(67,279)	-	-
DEFERRED TAX ASSETS, NET	82,361	20,981	-	-

Reconciliation of deferred tax assets, net

	2020 \$	2019 \$
AS OF 1 JULY	20,981	(41,997)
Tax income during the period recognised in profit or loss	61,380	62,978
AS AT 30 JUNE	82,361	20,981

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

8. CASH

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2020 \$	2019 \$
Cash on hand	959,973	1,217,000
Cash at bank	4,775,499	1,374,771
	5,735,472	2,591,771

For the purpose of the statement of cash flows, cash and cash equivalents include cash, as defined above.

9. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

Trade and other receivables

	2020 \$	2019 \$
Trade debtors	107,028	18,800
Sundry debtors	257,703	242,205
	364,731	261,005

Contract assets

As at 30 June 2020, the Company has contract assets of \$364,731 (2019: \$261,005) which is net of an allowance for expected credit losses of \$nil (2019: \$nil).

10. INVENTORIES

	2020 \$	2019 \$
Stock on hand	200,517	218,719

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS \$	PLANT AND EQUIPMENT \$	POKER MACHINES \$	MOTOR VEHICLES \$	CAPITAL WORK IN PROGRESS \$	TOTAL \$
COST OR VALUATION						
At 1 July 2019	33,236,020	23,827,593	8,648,620	19,517	3,966,198	69,697,948
Additions	596,358	255,057	187,285	-	5,460,984	6,499,684
Disposals	-	-	(488,811)	-	-	(488,811)
Transfers	-	321,561	857,761	-	(1,179,322)	-
Write-offs	-	-	-	-	(63,960)	(63,960)
AT 30 JUNE 2020	33,832,378	24,404,211	9,204,855	19,517	8,183,900	75,644,861
DEPRECIATION						
At 1 July 2019	8,464,911	13,864,124	6,403,543	19,294	-	28,751,872
Depreciation charge for the year	705,151	1,456,537	994,712	223	-	3,156,623
Disposals	-	-	(479,825)	-	-	(479,825)
AT 30 JUNE 2020	9,170,062	15,320,661	6,918,430	19,517	-	31,428,670
NET BOOK VALUE						
AT 30 JUNE 2020	24,662,316	9,083,550	2,286,425	-	8,183,900	44,216,191
NET BOOK VALUE						
AT 30 JUNE 2019	24,771,109	9,963,469	2,245,077	223	3,966,198	40,946,076

Capital work in progress include interest capitalised of \$nil (2019: \$11,977).

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12. INVESTMENT PROPERTY

LAND AND BUILDINGS INVESTMENT - CHILDCARE \$	
COST	
At 1 July 2019	3,553,314
AT 30 JUNE 2020	3,553,314
ACCUMULATED DEPRECIATION	
At 1 July 2019	222,304
Depreciation charge for the year	155,868
AT 30 JUNE 2020	378,172
NET BOOK VALUE	
AT 30 JUNE 2020	3,175,142
AT 30 JUNE 2019	3,331,010

13. INTANGIBLE ASSETS

LICENCES \$	
COST	
At 1 July 2019	1,168,259
AT 30 JUNE 2020	1,168,259
NET BOOK VALUE	
AT 30 JUNE 2020	1,168,259
AT 30 JUNE 2019	1,168,259

Poker machine licences are stated at cost. Poker machine licences have an indefinite useful life given they have no expiry date, and accordingly are not amortised but are to be assessed annually for impairment. Impairment has been tested at the reporting date and no loss has been recognised.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

14. TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
CURRENT		
Trade payables	2,400,934	838,639
Other creditors and accruals	1,222,458	1,177,403
GST payable	129,169	150,965
	3,752,561	2,167,007

15. INTEREST-BEARING LOANS AND BORROWINGS

	2020 \$	2019 \$
CURRENT		
Primary bank loan (i)	2,400,000	2,400,000
	2,400,000	2,400,000
NON-CURRENT		
Primary bank loan (i)	18,400,000	18,310,000
Other bank loans (ii)	3,626,300	-
	22,026,300	18,310,000

(i) The loan matures in September 2022 and is subject to quarterly repayments. The interest rate for 2020 as at reporting date is 2.5% (2019: 4.2%) and is secured by a First Registered Mortgage over all the Company's property and a registered floating charge over all the Company's assets in support of its guarantee and loan.

(ii) The loan facility was entered into during the year ended 30 June 2020 for the refurbishment of the Imperial Hotel. The loan matures in September 2022. The interest rate for 2020 as at reporting date is 3.5%.

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	2020 \$	2019 \$
LOAN FACILITY LIMITS		
Bank loan facility	32,100,000	22,510,000
Overdraft facility	-	3,000,000
Bank guarantee facility	-	5,000
	32,100,000	25,515,000
LOAN FACILITIES AVAILABLE		
Bank loan facility	7,673,700	1,800,000
Overdraft facility	-	3,000,000
	7,673,700	4,800,000

16. EMPLOYEE BENEFITS LIABILITIES

	2020 \$	2019 \$
CURRENT		
Annual leave	636,697	641,439
Long service leave	306,930	340,104
	943,627	981,543
NON-CURRENT		
Long service leave	151,831	101,368

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

17. OTHER LIABILITIES

	2020 \$	2019 \$
CURRENT		
Members' subscriptions in advance	8,055	14,364
NON-CURRENT		
Members' subscriptions in advance	152,838	181,321

18. RELATED PARTY DISCLOSURES

(a) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company is considered key management personnel.

The Key Management Personnel (KMP) of the Company during the year are:

Mark Climo	President
Brian Goodall	Vice President
Dianne Hyde	Director
Luke McPhie	Director
Peter Cooper	Director
Scott Murphy	Director
Patrick Shortall	Director
Debra Cosmos	Chief Executive Officer/Company Secretary
Shandelle Rue	Chief Financial Officer
Amy Traviss	Chief Operations Officer
Jason Petrolo	Operations Manager

The total remuneration/honorarium paid to key management personnel (KMP) of the Company during the year is as follows:

	2020 \$	2019 \$
REMUNERATION/HONORARIUM	864,242	830,728

Notes to the financial statements

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

18. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Other Related Parties:

Other related parties include immediate family members of KMP; entities that are controlled or significantly influenced by those KMP individually or collectively with their immediate family members.

From time to time, the Club may enter into a commercial transaction with an entity or an individual that a director or KMP may have an interest in or be related to. In all instances, the Club ensures that the transaction is conducted on an arms length basis and that the director or KMP has no involvement in the transaction.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 30 June 2020, the Company had \$4,674,452 plus GST of contractual capital commitments in relation to the refurbishment of the Imperial Hotel (2019: \$nil).

Contingent liabilities

(a) The Company had no contingent liabilities as at 30 June 2020 (2019: none).

(b) The Company has outstanding bank guarantees of \$nil as at 30 June 2020 (2019: \$5,000).

20. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

21. MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the Constitution state that each member is required to contribute a maximum of \$2.00 (2019: \$2.00) each. At 30 June 2020, the number of members is 29,081 (2019: 29,635).

Directors Declaration

In accordance with a resolution of the directors of Shellharbour Workers' Club Ltd, we state that:

In the opinion of the directors:

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

On behalf of the board



MARK CLIMO

President

31 August 2020



BRIAN GOODALL

Vice President

31 August 2020

Independent auditor's report



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Independent Auditor's Report to the Members of Shellharbour Workers' Club Limited

Opinion

We have audited the financial report of Shellharbour Workers' Club Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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 opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information is the Directors' report accompanying the financial 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.

Independent auditor's report



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

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

Responsibilities of the Directors for the Financial Report

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

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

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A stylized signature of 'Ernst & Young' in a cursive, handwritten font.

Ernst & Young

A stylized signature of 'Daniel Cunningham' in a cursive, handwritten font.

Daniel Cunningham

Partner

Sydney

31 August 2020

Notes



**SHELLHARBOUR
WORKERS' CLUB LTD**

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