SHELLHARBOUR WORKERS' CLUB LTD 2023 ANNUAL REPORT

SHELLHARBOUR
WORKERS' CLUB LTD

ABN 69 001 068 864

VISION

To enable the community to reach its highest potential.

BOARD OF DIRECTORS

Brian Goodall
Vice President

Dianne Hyde

Luke McPhie

Scott Murphy

Peter Cooper

Patrick Shortall

FROM THE PRESIDENT

On behalf of the Board of Directors I am pleased to present the Annual Report for Shellharbour Workers' Club Limited for the year ending 30 June 2023.

I am pleased to report that although it has been a challenging twelve months, the Club has still recorded a profit before tax of $2,893,183 and a profit after tax of $3,018,957 for the 2023 Financial Year.

Over the past financial year we have continued to focus on stabilising the business following the turbulence of preceding years. Along the way there have been a series of challenges that have emerged including but not limited to the recruitment of skilled staff, economic impacts such as escalating interest rates, increases to the cost of living, increasing costs across the whole of the business and rapidly changing legislation.

However, despite these challenges we have continued to remain focused on delivering our business to the highest standard on a daily basis and continued to maintain focus on the long-term strategic plans with a focus on securing the Club's financial sustainability well in to the future. It is great to see that we have now commenced construction on the southern areas of the Club. Construction is coming along quickly and we are excited to deliver this next stage of premium facilities to our community.

Thank you to our members and to our community who have consistently shown us their support throughout the year and a very special thanks to our amazing staff for delivering great service each and every day. This support ensures that year on year the Club is able to progressively grow and develop. Thank you to the Board of Directors for their continued commitment and their passion for this Club to be the best it can possibly be.

Thank you for your support...

Mark Climo,
President

STAFF

Thank you to our great staff for making this such a successful year.

Southern Youth & Family Services 'We Can Cook It' hospitality training

Shellharbour Swans Junior Football Club

COMMUNITY

OVER THE LAST 5 YEARS THE SHELLHARBOUR CLUB HAS CONTRIBUTED OVER

$2.2M

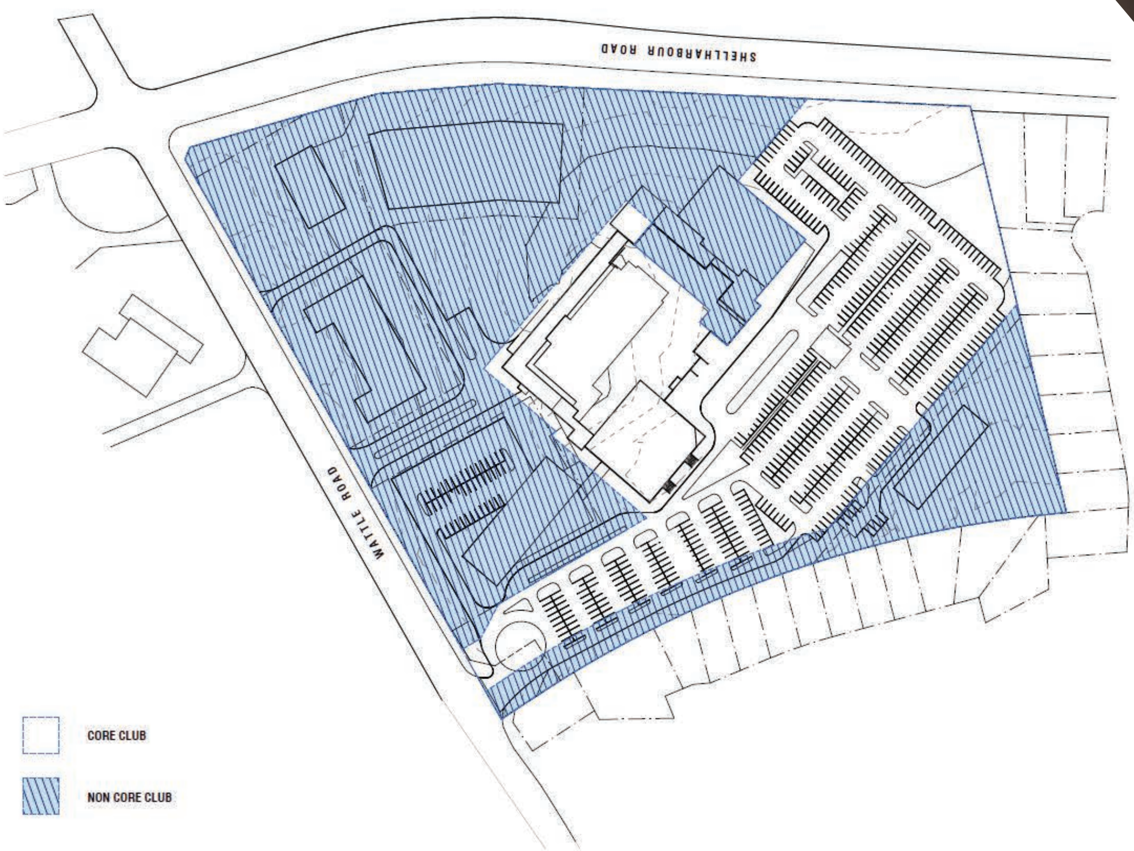
TO THE COMMUNITY THROUGH THE ClubGRANTS SCHEME.

Shellharbour City Baptist Church Open Hands Soup Kitchen

GROWTH

Continuing to focus on a sustainable future.

The Core and Non-Core Plan for the Primary Asset - Shellharbour was approved by the Members at the Annual General Meeting in October 2014.



Southern Section Project currently underway!

Expected completion date February 2024.

FINANCIAL SNAPSHOT

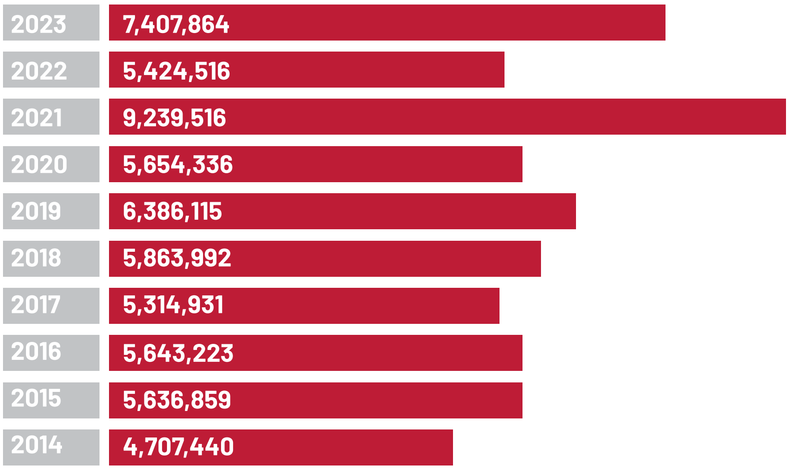
GROUP GROSS REVENUE $

2023	36,142,270
2022	27,097,566
2021	31,531,683
2020	24,050,346
2019	27,718,427
2018	28,005,059
2017	25,391,750
2016	25,178,101
2015	23,756,822
2014	21,511,676

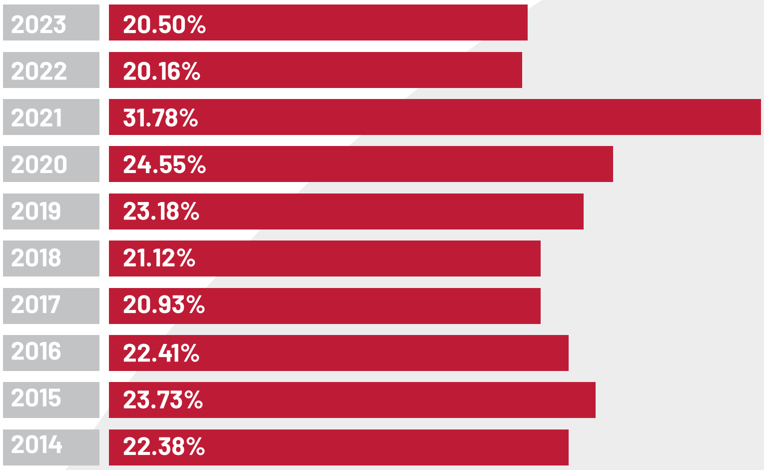
GROUP GROSS PROFIT $

2023	2,893,183
2022	1,163,915
2021	4,236,944
2020	1,923,585
2019	1,818,759
2018	1,773,392
2017	1,952,693
2016	2,572,471
2015	2,712,372
2014	1,611,062

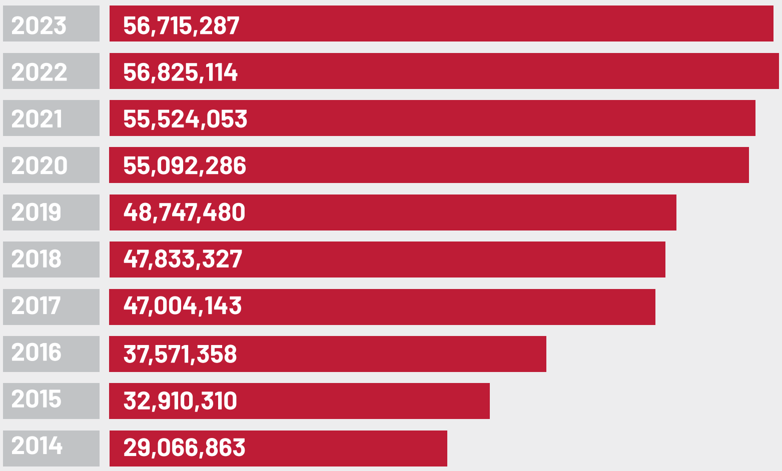
GROUP EBITDA $



GROUP EBITDA %



GROUP 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 2023 .

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
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 Club Member 2000 - Current Life Member 2021 - 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

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE AND RESPONSIBILITIES
LUKE MCPHIE	Director	Director 2013 - Current Club 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
SCOTT MURPHY	Director	Director 2016 - Current Club Member 1998 - Current	Occupation: Commercial Manager Sub-committees: - Remuneration Committee; - ClubGRANTS Committee. Training: - Director Foundation & Management Collaboration; - Finance for Club Boards. Responsible Service of Alcohol Responsible Conduct of Gambling
PATRICK SHORTALL	Director	Director July 2018 - Current Club Member 2006 - Current	Occupation: Managing Director (Retired) Sub-committee: - Audit Risk & Compliance Committee Training: - Director Foundation & Management Collaboration; - Finance for Club Boards. Responsible Service of Alcohol Responsible Conduct of Gambling

CHIEF EXECUTIVE OFFICER/COMPANY SECRETARY

Debra Cosmos was appointed Chief Executive Officer and 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 $3,018,957 for the 2023 year (2022 : $1,210,014).

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

In July 2023, Shellharbour Workers' Club Ltd signed an agreement with a construction company for the Southern Section Construction Project. The total value of this project is $11.5 million.

There have been no other 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, Weakness, 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 and 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 $ 5,991 (2022 : $ 6,363).

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 $1,555 (2022 : $ 505).

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:

	BOARD MEETINGS		SUB-COMMITTEE MEETINGS		
NAME	MONTHLY BOARD MEETING	SPECIAL BOARD MEETING	AUDIT, RISK & COMPLIANCE COMMITTEE MEETING	ClubGRANTS COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING
MARK CLIMO	11	3	-	-	-
BRIAN GOODALL	10	3	3	-	1
DIANNE HYDE	10	3	-	1	-
PETER COOPER	12	3	3	-	2
LUKE MCPHIE	12	3	-	1	-
SCOTT MURPHY	12	3	-	1	2
PATRICK SHORTALL	12	3	3	-	-

MEMBER'S 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 $ 2.00 (2022 : $2.00) each. At 30 June 2023, the number of members was 26,950 (2022 : 25,437) as follows:

	NUMBER OF MEMBERS
LIFE MEMBERS	11
FULL MEMBERS	26,939
TOTAL MEMBERS	26,950

At 30 June 2023, the total amount that members of the Company are liable to contribute if the Company is wound up is $53,900 (2022 : $ 50,874).

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 2023 has been received and can be found attached to the directors' report.

Signed in accordance with a resolution of the directors.

Mark Climo
President
28 August 2023

Brian Goodall
Vice President
28 August 2023

Ernst & Young
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Sydney NSW 2000 Australia
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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 2023, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

SE Wilken

St Elmo Wilken
Partner
Sydney
28 August 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	2023 $	2022 $
Revenue from contracts with customers	4.a	34,515,519	26,270,259
Other income	5.a	884,646	557,132
Cost of sales		(4,515,819)	(3,150,537)
Employee benefits expense	5.b	(10,265,850)	(8,377,233)
Depreciation expense		(3,413,638)	(3,670,022)
Other operating expenses	5.c	(13,321,363)	(9,831,156)
Finance income		110,732	30
Finance costs		(1,101,044)	(634,558)
Profit before income tax		**2,893,183**	**1,163,915**
Income tax benefit	6	125,774	46,099
Profit for the year		**3,018,957**	**1,210,014**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,018,957**	**1,210,014**

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	7	6,783,705	6,210,533
Trade and other receivables	8	245,852	414,346
Inventories	9	334,590	316,731
Prepayments		331,809	71,352
Income tax receivable		3,225	3,224
Total current assets		**7,699,181**	**7,016,186**
Non-current assets			
Property, plant and equipment	10	45,120,399	45,773,856
Investment property	11	2,727,448	2,866,813
Intangible assets	12	1,168,259	1,168,259
Total non-current assets		**49,016,106**	**49,808,928**
Total assets		**56,715,287**	**56,825,114**
Liabilities and equity			
Current liabilities			
Trade and other payables	14	2,110,705	1,779,037
Interest-bearing loans and borrowings	15	2,400,000	2,400,000
Employee benefit liabilities	16	1,379,076	1,331,949
Other liabilities	17	43,285	78,252
Total current liabilities		**5,933,066**	**5,589,238**
Non-current liabilities			
Interest-bearing loans and borrowings	15	16,510,000	19,816,000
Employee benefit liabilities	16	74,673	115,478
Other liabilities	17	152,823	152,856
Deferred tax liabilities	6	160,943	286,717
Total non-current liabilities		**16,898,439**	**20,371,051**
Total liabilities		**22,831,505**	**25,960,289**
Equity			
Retained earnings		33,883,782	30,864,825
Total equity		**33,883,782**	**30,864,825**
Total liabilities and equity		**56,715,287**	**56,825,114**

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 2023

	RETAINED EARNINGS $	TOTAL $
At 1 July 2022	**30,864,825**	**30,864,825**
Profit for the year	3,018,957	3,018,957
Other comprehensive income	-	-
Total comprehensive income for the year	**3,018,957**	**3,018,957**
At 30 June 2023	**33,883,782**	**33,883,782**
At 1 July 2021	29,654,811	29,654,811
Profit for the year	1,210,014	1,210,014
Other comprehensive income	-	-
Total comprehensive income for the year	1,210,014	1,210,014
At 30 June 2022	**30,864,825**	**30,864,825**

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 $
Operating activities			
Receipts from customers		38,974,893	29,313,766
Payments to suppliers and employees		(31,526,911)	(24,148,409)
Interest received		110,732	30
Interest paid		(1,101,044)	(887,484)
Income tax refund		-	263,920
Net cash flows from operating activities		**6,457,670**	**4,541,823**
Investing activities			
Proceeds from sale of property, plant and equipment		45,318	43,965
Purchase of property, plant and equipment		(2,623,816)	(1,437,979)
Net cash flows used in investing activities		**(2,578,498)**	**(1,394,014)**
Financing activities			
Proceeds from borrowings		21,810,000	1,416,000
Repayment of borrowings		(25,116,000)	(1,200,000)
Net cash flows (used in)/from financing activities		**(3,306,000)**	**216,000**
Net increase in cash and cash equivalents		573,172	3,363,809
Cash and cash equivalents at 1 July		6,210,533	2,846,724
Cash and cash equivalents at 30 June	7	**6,783,705**	**6,210,533**

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. CORPORATE INFORMATION

The financial report of Shellharbour Workers' Club Ltd (the "Company" or "Club") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 28 August 2023.

Shellharbour Workers' Club Ltd 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 activity of the Company are described in the directors' report. Information on other related party relationships of the Company is provided in Note 18.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general purpose financial statements have been prepared in compliance with the requirements of the Corporations Act 2001 and Australian Accounting Standards - Simplified Disclosures. 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.

This financial report has been prepared on a historical cost basis and is presented in Australian Dollars.

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

New and amended standards and interpretations

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2022 /2023 do not materially impact the financial statements of the Company.

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 and have not been adopted by the Company for the annual reporting year ended 30 June 2023.

c) 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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Current versus non-current classification (continued)

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.

d) 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.

e) 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 (ECL).

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 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.

f) 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.

g) Prepayments

Prepayments are carried at amortised cost and represent goods and services paid for by the Company prior to the end of the financial period that have not been received.

h) Property, plant and equipment

Property, 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property, plant and equipment (continued)

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%
Plant and equipment	5 - 40%
Poker machines	10 - 50%
Motor vehicles	20 - 22.5%
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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Leases

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

l) 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.

m) 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.

n) 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 or loss and other comprehensive income.

o) Employee benefit liabilities

Wages, salaries, annual leave and current long service leave
Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised 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.

Non-current long service leave
The Company does not expect all of its long service leave 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) 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.

q) Revenue from contracts with customers

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 Club.

Revenue from rendering of services is recognised at a point in time when the control of right to be compensated for the services has been attained and can be reliably measured.

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.

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) Finance costs

Finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

(u) Taxes

i. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Taxes (continued)

i. Income tax (continued)

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 (OCI) 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.

ii. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

a. 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

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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.

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.

b. 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. Australian Accounting Standards ('AAS') requires that licences outside of a pre AAS 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.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

a. Disaggregated revenue information

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

	2023 $	2022 $
Types of goods or service		
Sale of goods	11,602,160	8,373,403
Rendering of services	22,913,359	17,896,856
Total revenue from contracts with customers	**34,515,519**	**26,270,259**
Timing of revenue recognition		
Goods transferred at a point in time	11,602,160	8,373,403
Services transferred at a point in time	22,718,214	17,767,529
Services transferred over time	195,145	129,327
Total revenue from contracts with customers	**34,515,519**	**26,270,259**

5. OTHER INCOME/EXPENSES

a. Other income

	2023 $	2022 $
Rental income	839,328	513,249
Gain on disposal of property, plant and equipment	45,318	43,883
	884,646	**557,132**

b. Employee benefits expense

	2023 $	2022 $
Salaries and wages	8,878,804	7,285,448
Superannuation expenses	875,707	676,283
Other employee expenses	511,339	415,502
	10,265,850	**8,377,233**

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

5. OTHER INCOME/EXPENSES (CONTINUED)

c. Other operating expenses

	2023 $	2022 $
Bar indirect expenses	194,750	112,607
Catering indirect expenses	473,037	320,068
Gaming indirect expenses	727,550	516,828
Poker machine tax	5,519,254	3,956,952
Advertising and promotional expenses	1,990,197	1,418,377
Donations	415,080	314,745
Maintenance costs	741,123	827,722
Club services	2,261,380	1,671,804
Members expenses	81,836	89,177
Administration costs	917,156	602,876
Total other operating expenses	**13,321,363**	**9,831,156**

6. INCOME TAX

(a) The major components of income tax benefit for the years ended 30 June 2023 and 2022 are:

	2023 $	2022 $
Deferred tax:		
Relating to the origination and reversal of temporary differences	(125,774)	(46,099)
Income tax benefit reported in the statement of profit or loss and other comprehensive income	**(125,774)**	**(46,099)**

(b) A reconciliation of tax benefit and the accounting profit multiplied by Australia's domestic tax rate for the years 2023 and 2022:

	2023 $	2022 $
Accounting profit before tax	2,893,183	1,163,915
At Company's statutory income tax rate of 25% (2022: 25%)	723,296	290,979
Non-deductible expenses for tax purposes:		
Other non-deductible differences	219,656	230,302
Net income from members not subject to tax	(1,068,726)	(567,380)
Aggregate income tax benefit	**(125,774)**	**(46,099)**

6. INCOME TAX (CONTINUED)

Deferred tax

Deferred tax relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
	2023 $	**2022 $**	**2023 $**	**2022 $**
Blackhole deductions	32,594	51,161	18,567	20,274
Borrowing costs	1,283	-	(1,283)	38
Provisions	87,505	86,074	(1,431)	(8,476)
Fixed assets	(542,565)	(812,918)	(270,353)	113,588
Tax losses	260,240	388,966	128,726	(171,523)
Deferred tax benefit	-	-	(125,774)	**(46,099)**
Net deferred tax liabilities	**(160,943)**	**(286,717)**	**-**	**-**

	2023 $	2022 $
Reflected in the statement of financial position as follows:		
Deferred tax assets	384,396	526,202
Deferred tax liabilities	(545,339)	(812,919)
Deferred tax liabilities, net	**(160,943)**	**(286,717)**

	2023 $	2022 $
As of 1 July	**286,717**	**332,816**
Tax benefit during the period recognised in profit or loss	(125,774)	(46,099)
As at 30 June	**160,943**	**286,717**

The Company has recognised deferred tax assets in respect of tax losses that arose in Australia of $260,240 (2022: $388,966) that are available indefinitely for offsetting against future taxable profits.

Franking credits

The Company has no franking credits available for use in the subsequent reporting periods (2022: $nil).

7. CASH

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

	2023 $	2022 $
Cash on hand	1,006,144	1,154,959
Cash at bank	5,777,561	5,055,574
	6,783,705	**6,210,533**

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

8. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Sundry debtors	245,852	414,346

9. INVENTORIES

	2023 $	2022 $
Stock on hand	334,590	316,731

During 2023, $4,515,820 (2022: $ 3,151,993) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

10. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS	PLANT AND EQUIPMENT	POKER MACHINES	MOTOR VEHICLES	CAPITAL WORK IN PROGRESS	TOTAL $
Cost						
At 1 July 2022	44,924,941	27,514,585	9,056,356	88,028	398,816	81,982,726
Additions	-	235,497	798,881	-	1,589,488	2,623,816
Transfers	575,030	-	-	-	(575,030)	-
Write-off	-	-	-	-	(3,000)	(3,000)
Disposals	-	-	(531,600)	-	-	(531,600)
At 30 June 2023	**45,499,971**	**27,750,032**	**9,323,637**	**88,028**	**1,410,274**	**84,071,942**
Accumulated depreciation						
At 1 July 2022	10,847,429	18,474,759	6,867,173	19,509	-	36,208,870
Depreciation charge for the year	982,846	1,390,209	883,612	17,606	-	3,274,273
Disposals	-	-	(531,600)	-	-	(531,600)
At 30 June 2023	**11,830,275**	**19,864,968**	**7,219,185**	**37,115**	**-**	**38,951,543**
Net book value						
At 30 June 2023	**33,669,696**	**7,885,064**	**2,104,452**	**50,913**	**1,410,274**	**45,120,399**
At 30 June 2022	**34,077,512**	**9,039,826**	**2,189,183**	**68,519**	**398,816**	**45,773,856**

Capital work in progress include interest capitalised of $nil (2022: $ 548,900).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

11. INVESTMENT PROPERTY

	LAND AND BUILDINGS INVESTMENT - CHILDCARE $
Cost	
At 1 July 2022	3,553,314
At 30 June 2023	**3,553,314**
Accumulated depreciation	
At 1 July 2022	686,501
Depreciation charge for the year	139,365
At 30 June 2023	**825,866**
Net book value	
At 30 June 2023	**2,727,448**
At 30 June 2022	**2,866,813**

12. INTANGIBLE ASSETS

	LICENCES $
Cost	
At 1 July 2022	1,168,259
At 30 June 2023	**1,168,259**
Net book value	
At 30 June 2023	**1,168,259**
At 30 June 2022	**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 2023

13. LEASES

Company as a lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings. These leases have terms of between 1 and 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Operating leases

Future lease payments receivable under non-cancellable operating leases as at 30 June are as follows:

	2023 $	2022 $
Not later than 1 year	379,080	371,649
Later than 1 year but not later than 5 years	1,448,058	1,486,596
Later than 5 years	-	371,649
	1,827,138	**2,229,894**

14. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Current		
Trade payables	995,203	542,320
Other creditors and accruals	994,653	1,035,648
GST payable	120,849	201,069
	2,110,705	**1,779,037**

15. INTEREST-BEARING LOANS AND BORROWINGS

	2023 $	2022 $
Current		
Primary bank loan (i)	2,400,000	2,400,000
Non-current		
Primary bank loan (i)	16,510,000	19,816,000

(i) The loan matures in November 2025 and is subject to quarterly repayments. The interest rate for 2023 as at reporting date is 5.11% (2022 : 2.17%) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

	2023 $	2022 $
Loan facility limits		
Primary bank loan	26,300,000	28,500,000
Other bank loans	9,600,000	-
	35,900,000	**28,500,000**
Loan facilities available		
Primary bank loan	7,390,000	6,284,000
Other bank loans	9,600,000	-
	16,990,000	**6,284,000**

16. EMPLOYEE BENEFIT LIABILITIES

	2023 $	2022 $
Current		
Annual leave	934,735	959,675
Long service leave	444,341	372,274
	1,379,076	**1,331,949**
Non-current		
Long service leave	**74,673**	**115,478**

17. OTHER LIABILITIES

	2023 $	2022 $
Current		
Members' subscriptions in advance	**43,285**	**78,252**
Non-current		
Members' subscriptions in advance	**152,823**	**152,856**

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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 Human Resources Officer
Jason Petrolo	General Manager - The Shellharbour Club

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

	2023 $	2022 $
Remuneration/honorarium	1,131,916	1,084,415

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 with the exception of:

Dianne Hyde, a Director of Warilla Florist - supplied goods (flowers) to the Club totalling $1,555 (2022: $505).

19. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 30 June 2023, the Company had capital commitments of $1.34m related to the Southern Section Project (2022: capital commitments of $nil).

Contingent liabilities

There were no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Company's financial statements as at 30 June 2023 (2022: $nil).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

20. AUDITOR'S REMUNERATION

The auditor of Shellharbour Workers' Club Ltd is Ernst & Young (Australia).

	2023 $	2022 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report	88,000	80,000
Tax compliance	9,000	8,000
Compilation of financial statements	7,228	6,995
	104,228	**94,995**

21. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In July 2023, Shellharbour Workers' Club Ltd signed an agreement with a construction company for the Southern Section Construction Project. The total value of this project is $11.5 million.

There have been no other 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.

22. MEMBERS GUARANTEE

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 $ 2.00 (2022 : $ 2.00) each. At 30 June 2023, the number of members is $26,950 (2022 : 25,437).

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 2023 and of its performance for the year ended on that date; and
- (ii) complying with *Australian Accounting Standards - Simplified Disclosures 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
28 August 2023

Brian Goodall
Vice President
28 August 2023

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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 2023, the Statement of profit or loss and other 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 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures 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.

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.

Building a better
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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 – 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 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.

- 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.

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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.

Ernst & Young

Ernst & Young

SE Wilken

St Elmo Wilken
Partner
Sydney
28 August 2023

NOTES

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