2021 ANNUAL REPORT

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 2021. I am pleased to report that although the past 12 months has been one of the most challenging years for the business it has also been one of the most successful financial years. The end of year financial outcome is a Gross Profit of $4,236,944. An extremely positive outcome considering the challenges posed throughout the year.

Coming out of the 2020 COVID 19 lockdown period, the Club had to navigate a constantly changing and very challenging path to recovery. It is certainly credit to the Board of Directors, the Management Team and our wonderful employees that we have achieved such a positive outcome. Although the past 12 months were challenging for everyone our number 1 priority throughout this period was to ensure the health and safety of our members, visitors and employees and we thank everyone for their commitment and understanding throughout this period whilst we grappled with the ever-changing requirements.

Despite these challenges, the main focus for the business over the past 12 months has remained on driving performance, completing the construction of The Imperial at Clifton project and refreshing the Masterplan for the Shellharbour site and The Shellharbour Club. We have also focused on establishing a Business Disruption strategy that will ensure our business is strongly positioned to respond to any future business disruptions.

We are well positioned to continue on our strategic path to success and look forward to a successful future.

Thank you for your support...
MARK CLIMO
PRESIDENT

BRIAN GOODALL
Vice President

DIANNE HYDE

LUKE MCPHIE

SCOTT MURPHY

PETER COOPER

PATRICK SHORTALL

FOCUS ON DRIVING BUSINESS PERFORMANCE FOLLOWING THE 2020 BUSINESS CLOSURE

FOCUS ON GOVERNMENT RESTRICTIONS TO ENSURE THE HEALTH AND SAFETY OF PATRONS AND EMPLOYEES

CONSTRUCTION OF

THE IMPERIAL CLIFTON

READY...AND LOOKING AMAZING!


1911
E.R
IMPERIAL HOTEL

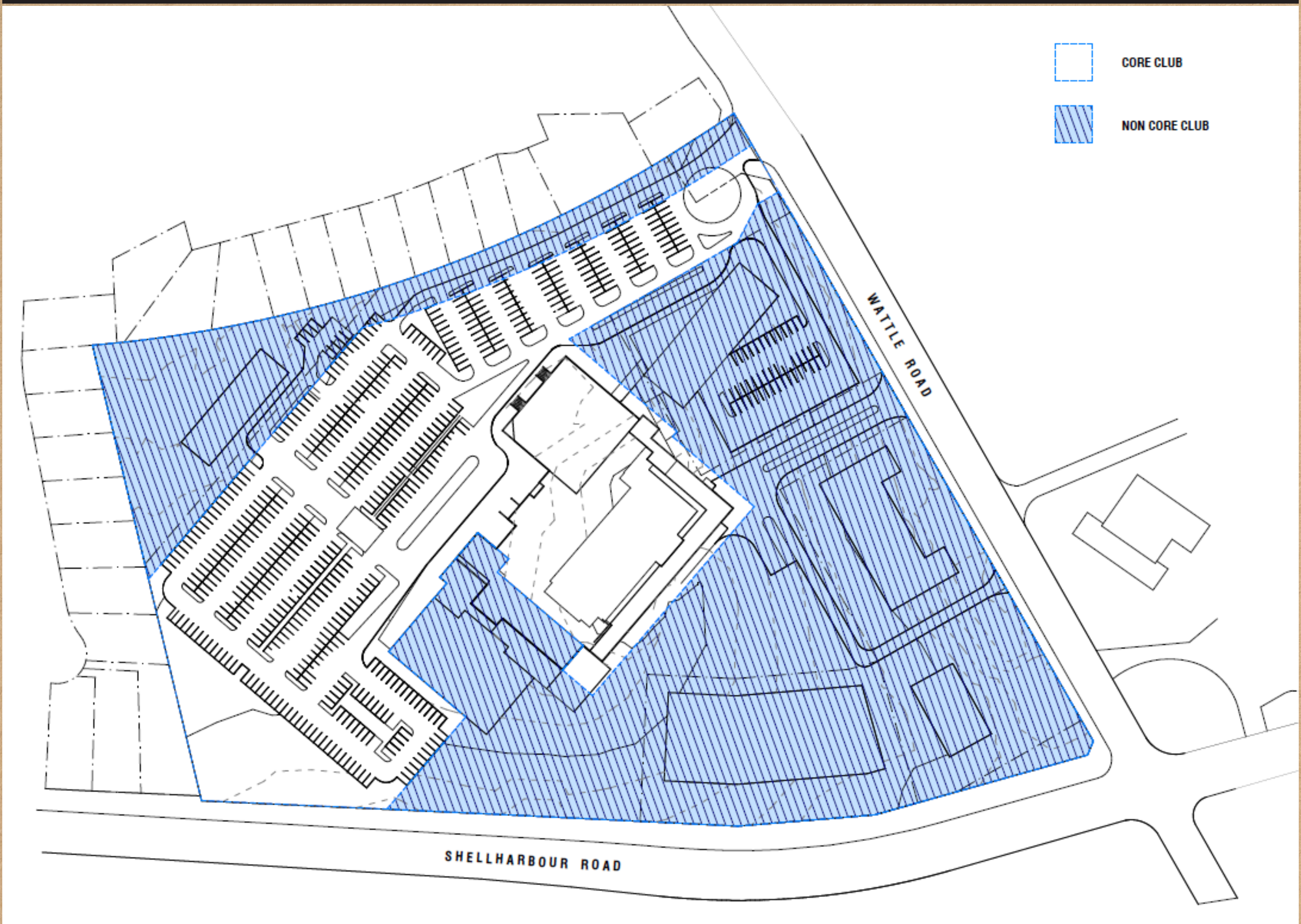

RANCILIO


THE IMPERIAL EXPRESS
HOP ON BOARD...CATCH A RIDE TO THE IMPERIAL
IMPERIAL

ESTABLISHED BUSINESS DISRUPTION STRATEGY

PLANNED AND DOCUMENTED THE MASTERPLAN FOR THE SHELLHARBOUR CLUB

THE SHELLHARBOUR SITE CORE AND NON-CORE PLAN
APPROVED AT THE 2014 AGM

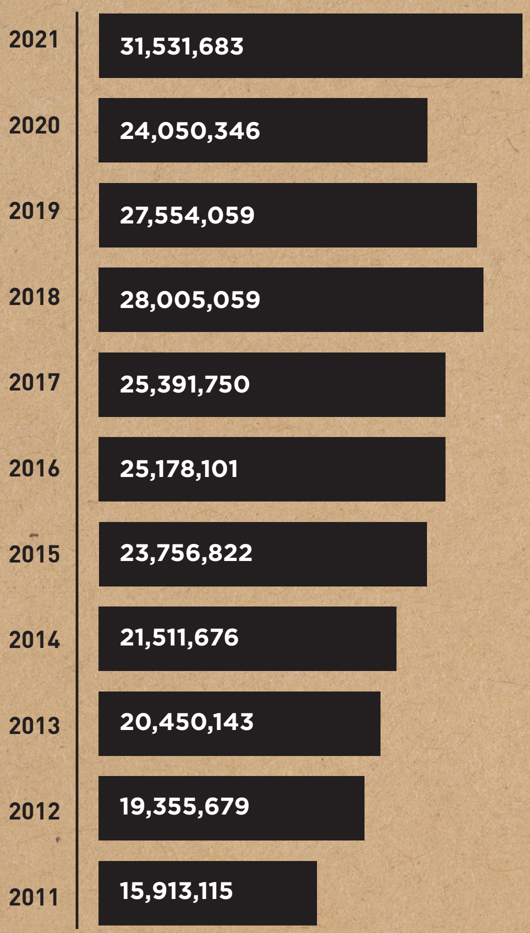


FOCUS ON TARGETED FINANCIAL MANAGEMENT

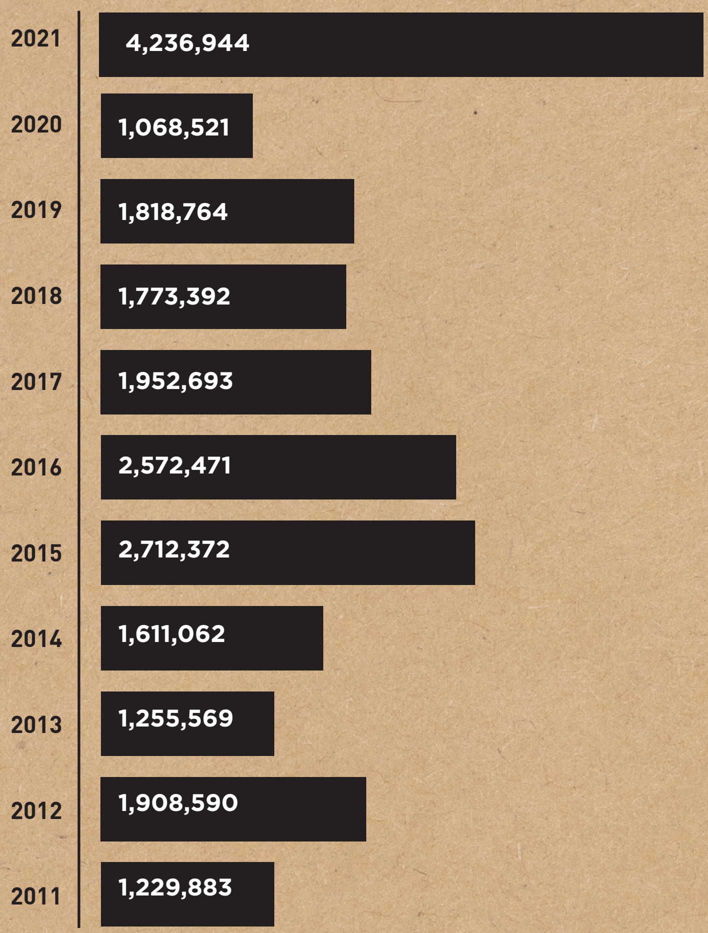
STRONG FINANCIAL PERFORMANCE IN THE 2021 FINANCIAL YEAR

FINANCIAL SNAPSHOT

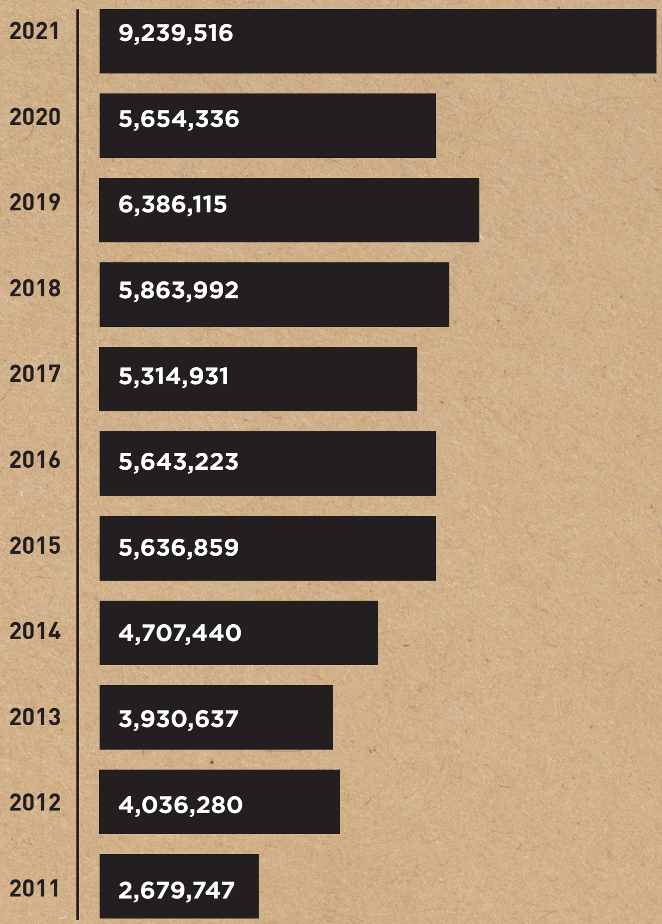
GROSS REVENUE $



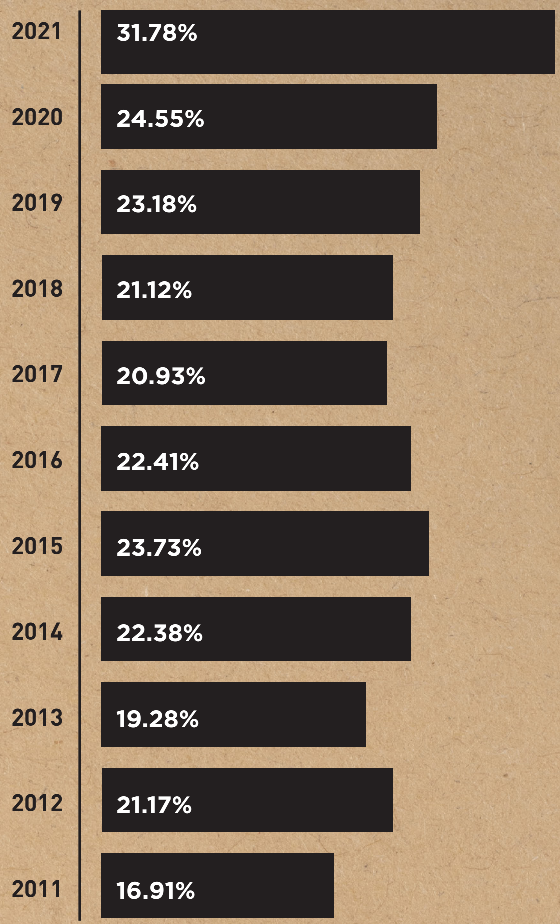
GROSS PROFIT $



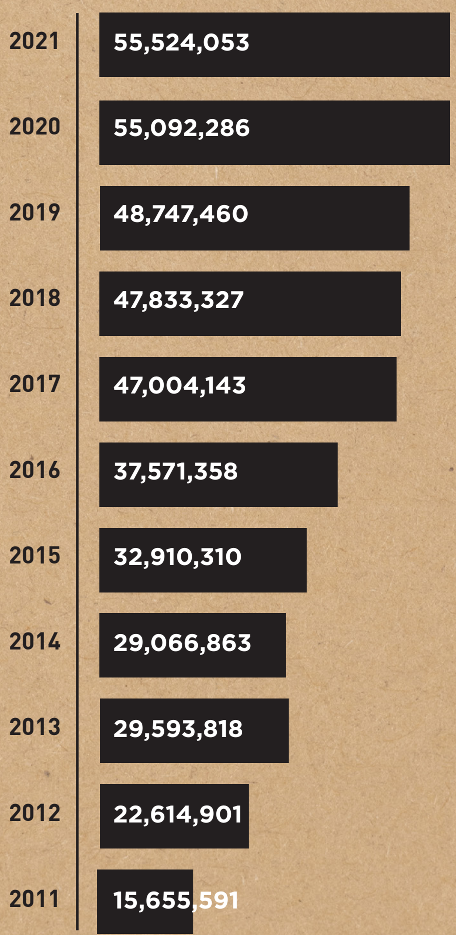
EBITDA $



EBITDA %



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 2021.

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

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE AND RESPONSIBILITIES
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
SCOTT MURPHY	Director	Director 2016 - Current 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	Board Appointed Director July 2018 - October 2018 Director October 2018 - Current 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 $3,997,737 for the 2021 year (2020: $1,129,877).

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.

DIRECTOR'S REPORT (CONTINUED)

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 which 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 $9,983 (2020: $9,165).

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 $1,657 (2020: $1,345).

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	**12**	**2**	**-**	**-**	**-**
BRIAN GOODALL	**12**	**2**	**3**	**-**	**1**
DIANNE HYDE	**12**	**2**	**-**	**1**	**-**
PETER COOPER	**12**	**2**	**3**	**-**	**1**
LUKE MCPHIE	**12**	**2**	**-**	**1**	**-**
SCOTT MURPHY	**12**	**2**	**-**	**1**	**1**
PATRICK SHORTALL	**12**	**2**	**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 each. At 30 June 2021 the number of members was 26,070 (2020: 29,081) as follows:

	NUMBER OF MEMBERS
LIFE MEMBERS	**10**
FULL MEMBERS	**26,060**
TOTAL MEMBERS	**26,070**

At 30 June 2021, the total amount that members of the Company are liable to contribute if the Company is wound up is $52,140 (2020: $58,162).

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 2021 has been received and can be found attached to the directors' report.

Signed in accordance with a resolution of the directors.

Mark Climo
President
27 September 2021

Brian Goodall
Vice President
27 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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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 2021, 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
27 September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 $	2020 $
Revenue from contracts with customers	4.1	29,969,670	22,648,789
Other income	5	1,562,013	1,460,890
Cost of sales		(2,397,065)	(2,149,418)
Employee benefits expense		(7,627,908)	(6,645,388)
Depreciation expense		(3,290,580)	(3,312,491)
Other operating expenses	6	(13,549,004)	(10,257,390)
Finance income		454	3,466
Finance costs		(430,636)	(679,961)
Profit before income tax expense		**4,236,944**	**1,068,497**
Income tax (expense)/credit	7	(239,207)	61,380
Profit for the year		**3,997,737**	**1,129,877**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,997,737**	**1,129,877**

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 2021

	NOTES	2021 $	2020 $
Assets			
Current assets			
Cash	8	2,846,724	5,735,472
Trade and other receivables	9	318,296	364,731
Inventories	10	256,094	200,517
Prepayments		47,668	38,085
Income tax receivable		267,144	111,528
Total current assets		**3,735,926**	**6,450,333**
Non-current assets			
Property, plant and equipment	11	47,600,168	44,216,191
Investment property	12	3,019,700	3,175,142
Intangible assets	13	1,168,259	1,168,259
Deferred tax assets	7	-	82,361
Total non-current assets		**51,788,127**	**48,641,953**
Total assets		**55,524,053**	**55,092,286**
Liabilities and equity			
Current liabilities			
Trade and other payables	14	2,074,197	3,752,561
Interest-bearing loans and borrowings	15	2,400,000	2,400,000
Employee benefit liabilities	16	1,128,030	943,627
Other liabilities	17	39,454	8,055
Total current liabilities		**5,641,681**	**7,104,243**
Non-current liabilities			
Interest-bearing loans and borrowings	15	19,600,000	22,026,300
Employee benefit liabilities	16	105,637	151,831
Other liabilities	17	189,108	152,838
Deferred tax liabilities	7	332,816	-
Total non-current liabilities		**20,227,561**	**22,330,969**
Total liabilities		**25,869,242**	**29,435,212**
Equity			
Retained earnings		29,654,811	25,657,074
Total equity		**29,654,811**	**25,657,074**
Total liabilities and equity		**55,524,053**	**55,092,286**

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 2021

	RETAINED EARNINGS $	TOTAL $
At 1 July 2020	**25,657,074**	**25,657,074**
Profit for the year	3,997,737	3,997,737
Other comprehensive income	-	-
Total comprehensive income for the year	3,997,737	3,997,737
At 30 June 2021	**29,654,811**	**29,654,811**
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**

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 2021

	NOTES	2021 $	2020 $
Operating activities			
Receipts from customers		34,497,074	26,351,655
Payments to suppliers and employees		(26,748,281)	(19,640,206)
Interest received		454	3,466
Interest paid		(726,610)	(679,961)
Income tax (refund)/paid		20,354	(176,188)
Net cash flows from operating activities		**7,042,991**	**5,858,766**
Investing activities			
Proceeds from sale of property, plant and equipment		85,926	68,319
Purchase of property, plant and equipment		(7,591,365)	(6,499,684)
Net cash flows used in investing activities		**(7,505,439)**	**(6,431,365)**
Financing activities			
Proceeds from borrowings		6,473,700	6,116,300
Repayment of borrowings		(8,900,000)	(2,400,000)
Net cash flows (used in)/from financing activities		**(2,426,300)**	**3,716,300**
Net (decrease)/increase in cash and cash equivalents		(2,888,748)	3,143,701
Cash and cash equivalents at 1 July		5,735,472	2,591,771
Cash and cash equivalents at 30 June	8	**2,846,724**	**5,735,472**

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 2021

1. CORPORATE INFORMATION

The financial report of Shellharbour Workers' Club Limited (the "Company" or "Club") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 27 September 2021.

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 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) Going concern

The financial report has been approved by the directors on a going concern basis. In determining the appropriateness of the basis of preparation, the directors have considered the impact of the COVID-19 pandemic on the position of the Club at 30 June 2021 and its operations in future periods.

As at 30 June 2021, the Club's total current liabilities exceeded total current assets by $1,905,755 (2020: $653,910). The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The response of governments in dealing with the pandemic is impacting the general activity levels within the community, the economy, and the operations of the Club. On 26 June 2021, following NSW state government directives in an effort to stop the spread of COVID-19 delta variant, the Club's properties ceased trading. Subsequent to the balance sheet date, the outbreak in NSW has worsened and current government restrictions are that the lockdown, and therefore closure of the Club's operations, will extend until at least 30 September 2021. The government has provided advice that the lockdown measures will be extended until certain vaccination targets are met in the population, which are forecast to be achieved by November 2021. At this time, it remains uncertain for how long these restrictions will remain in place; however, they will continue to have an impact on our earnings, cash flow and financial condition.

Given that there are $6,500,000 of unused financing facilities available for use at 30 June 2021 (2020: $7,673,700), in addition to the financing facilities available to the Club, management have projected the Club will continue to generate positive cash flows from operating activities once the Club reopens post lockdown. Based on the above, the Directors have concluded that the use of the going concern assumption in the preparation of the financial statements.

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 ($).

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) 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 2020/2021 do not materially impact the financial statements of the Company.

Amendments to AASB 101 and AASB 108: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to 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 period ended 30 June 2021. The directors are in the process of assessing the impact of the below new accounting standards and its amendments to the extent relevant to the financial statements of the Company.

AASB 1060 General Purpose Financial Statements - Simplified Disclosure for For-Profit and Not-for-Profit Tier 2 Entities

Entities will be required to follow the recognition and measurement requirements under Australian Accounting Standards but may apply the simplified disclosure requirements in AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (effective for annual reporting periods beginning on or after 1 July 2021) and its amendments. AASB 1060 is the new simplified disclosure standard developed by the AASB based on IFRS for Small and Medium-sized Entities.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting years and on foreseeable future transactions.

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;
- 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 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) 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.

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 (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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%
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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Interest-bearing loans and borrowings (continued)

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.

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 or 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.

p) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Revenue from contracts with customers (continued)

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.

r) 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.

s) 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.

t) 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.

u) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Taxes (continued)

Income tax (continued)

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.

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.

v) Comparatives

Certain numbers of the prior year have been reclassified to be consistent with current year's disclosure presentation.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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

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.

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

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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:

	2021 $	2020 $
Types of goods or service		
Sale of goods	6,736,241	6,272,665
Rendering of services	23,233,429	16,376,124
Total revenue from contracts with customers	**29,969,670**	**22,648,789**
Timing of revenue recognition		
Goods transferred at a point in time	6,736,241	6,272,665
Services transferred at a point in time	23,083,680	16,219,265
Services transferred over time	149,749	156,859
Total revenue from contracts with customers	**29,969,670**	**22,648,789**

5. OTHER INCOME

	2021 $	2020 $
Rental income	395,002	404,057
JobKeeper subsidy income	1,089,000	997,500
Gain on disposal of property, plant and equipment	78,011	59,333
	1,562,013	**1,460,890**

6. OTHER OPERATING EXPENSES

	2021 $	2020 $
Property, plant and equipment written-off	1,360,309	-
Bar indirect expenses	134,157	116,507
Catering indirect expenses	368,042	324,383
Gaming indirect expenses	581,264	534,340
Poker machine tax	5,570,411	3,764,112
Advertising and promotional expenses	1,931,625	2,086,253
Donations	478,282	302,001
Maintenance costs	708,555	534,974
Club services	1,902,723	1,494,254
Members expenses	109,962	131,091
Administration costs	403,674	969,475
Total other operating expenses	**13,549,004**	**10,257,390**

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

7. INCOME TAX

(a) The major components of income tax expense/(credit) for the years ended 30 June 2021 and 2020 are:

	2021 $	2020 $
Current income tax:		
Current income tax credit	(175,970)	-
Deferred tax:		
Relating to the origination and reversal of temporary differences	415,177	(61,380)
Income tax expense/(credit) reported in the statement of profit or loss and other comprehensive income	**239,207**	**(61,380)**

(b) A reconciliation of tax expense/(credit) and the accounting profit multiplied by Australian's domestic tax rate for the years 2021 and 2020:

	2021 $	2020 $
Accounting profit before tax	4,236,944	1,068,497
At Company's statutory income tax rate of 26% (2020: 30%)	1,101,605	320,549
Non-deductible expenses for tax purposes		
Other non-deductible differences	365,799	260,719
Net income from members not subject to tax	(1,228,197)	(642,648)
Aggregate income tax expense/(credit)	**239,207**	**(61,380)**

Deferred tax

Deferred tax relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Blackhole deductions	71,435	5,373	(66,062)	3,991
Borrowing costs	38	355	316	1,286
Accruals	-	(105,691)	(105,691)	114,478
Provisions	77,598	79,484	1,886	(11,015)
Fixed assets	(699,330)	66,840	766,171	(134,120)
FBT installment	217,443	36,000	(181,443)	(36,000)
Deferred tax expense/(benefit)			**415,177**	**(61,380)**
Net deferred tax (liabilities)/assets	**(332,816)**	**82,361**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	366,514	123,966		
Deferred tax liabilities	(699,330)	(41,605)		
Deferred tax (liabilities)/assets, net	**(332,816)**	**82,361**		

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

8. CASH

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

	2021 $	2020 $
Cash on hand	981,630	959,973
Cash at bank	1,865,094	4,775,499
	2,846,724	**5,735,472**

9. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade debtors	7,863	107,028
Sundry debtors	310,433	257,703
	318,296	**364,731**

10. INVENTORIES

	2021 $	2020 $
Stock on hand	**256,094**	**200,517**

During 2021, $2,378,862 (2020: $2,133,590) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

11. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS	PLANT AND EQUIPMENT	POKER MACHINES	MOTOR VEHICLES	CAPITAL WORK IN PROGRESS	TOTAL $
Cost						
At 1 July 2020	33,832,378	24,192,473	9,416,593	19,517	8,183,900	75,644,861
Additions	-	325,254	697,745	28,937	6,835,403	7,887,339
Disposals	-	-	(942,700)	(19,517)	-	(962,217)
Write-offs	-	-	-	-	(1,360,309)	(1,360,309)
At 30 June 2021	**33,832,378**	**24,517,727**	**9,171,638**	**28,937**	**13,658,994**	**81,209,674**
Accumulated depreciation						
At 1 July 2020	9,170,062	15,320,661	6,918,430	19,517	-	31,428,670
Depreciation charge for the year	702,668	1,441,706	989,005	1,759	-	3,135,138
Disposals	-	-	(934,929)	(19,373)	-	(954,302)
At 30 June 2021	**9,872,730**	**16,762,367**	**6,972,506**	**1,903**	**-**	**33,609,506**
Net book value						
At 30 June 2021	**23,959,648**	**7,755,360**	**2,199,132**	**27,034**	**13,658,994**	**47,600,168**
Net book value						
At 30 June 2020	**24,662,316**	**8,871,812**	**2,498,163**	**-**	**8,183,900**	**44,216,191**

Capital work in progress include interest capitalised of $295,974 (2020: $nil).

Write-offs relates to certain projects which management decided to discontinue during the year.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

12. INVESTMENT PROPERTY

	LAND AND BUILDINGS INVESTMENT - CHILDCARE $
Cost	
At 1 July 2020	3,553,314
At 30 June 2021	**3,553,314**
Accumulated depreciation	
At 1 July 2020	378,172
Depreciation charge for the year	155,442
At 30 June 2021	533,614
Net book value	
At 30 June 2021	**3,019,700**
At 30 June 2020	**3,175,142**

13. INTANGIBLE ASSETS

	LICENCES $
Cost	
At 1 July 2020	1,168,259
At 30 June 2021	**1,168,259**
Net book value	
At 30 June 2021	**1,168,259**
At 30 June 2020	**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 2021

14. TRADE AND OTHER PAYABLES

	2021 $	2020 $
Current		
Trade payables	841,575	2,400,934
Other creditors and accruals	1,114,463	1,222,458
GST payable	118,159	129,169
	2,074,197	**3,752,561**

15. INTEREST-BEARING LOANS AND BORROWINGS

	2021 $	2020 $
Current		
Primary bank loan (i)	2,400,000	2,400,000
	2,400,000	**2,400,000**
Non-current		
Primary bank loan (i)	9,500,000	18,400,000
Other bank loans (ii)	10,100,000	3,626,300
	19,600,000	**22,026,300**

(i) The loan matures in September 2022 and is subject to quarterly repayments. The interest rate for 2021 as at reporting date is 2.14% (2020: 2.5%) 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 at Clifton. The loan matures in September 2022. The interest rate for 2021 as at reporting date is 3.15% (2020: 3.5%).

	2021 $	2020 $
Loan facility limits		
Primary bank loan	18,400,000	20,800,000
Other bank loans	10,100,000	10,100,000
	28,500,000	**30,900,000**
Loan facilities available		
Primary bank loan	6,500,000	-
Other bank loans	-	6,473,700
	6,500,000	**6,473,700**

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

16. EMPLOYEE BENEFIT LIABILITIES

	2021 $	2020 $
Current		
Annual leave	770,901	636,697
Long service leave	357,129	306,930
	1,128,030	**943,627**
Non-current		
Long service leave	**105,637**	**151,831**

17. OTHER LIABILITIES

	2021 $	2020 $
Current		
Members' subscriptions in advance	**39,454**	**8,055**
Non-current		
Members' subscriptions in advance	**189,108**	**152,838**

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 Resource Officer
Jason Petrolo	General Manager

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

18. RELATED PARTY DISCLOSURES (CONTINUED)

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

	2021 $	2020 $
Remuneration/honorarium	**993,825**	**864,242**

(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 2021, the Company had no contractual capital commitments in relation to the refurbishment of The imperial at Clifton (2020: $4,674,452).

Contingent liabilities

(a) The Company had no contingent liabilities as at 30 June 2021 (2020: $nil).

(b) The Company had no outstanding bank guarantees as at 30 June 2021 (2020: $nil).

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 (2020: $2.00) each. At 30 June 2021, the number of members is 26,070 (2020: 29,081).

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 2021 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
27 September 2021

Brian Goodall
Vice President
27 September 2021

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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 2021, 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 2021 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.

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.

- 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.

Building a better working world

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

Daniel Cunningham
Partner
Sydney
27 September 2021

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