

WEST WALLSEND WORKERS CLUB LIMITED
ABN 84 001 052 651

REPORT OF DIRECTORS

The Directors present their report for the year ended 30 June, 2017 and report as follows:-

1. DIRECTORS

The names of the Directors in office at the date of this report are:

N.H. Allen
P.Dempsey
H Baker
T Cameron
J. Doig
G Wakeman
D. Walker

Refer attached schedule "A" for details of Directors in office and attendances at Board and special meetings.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year continued to be the operation of a Licensed Club. No significant change in the nature of these activities occurred during the year.

The **short and long term objectives** of the Board of Directors is to strive to provide its members with excellent service, great entertainment, affordable quality meals in a friendly, safe and modern atmosphere.

With the aid of industry based KPI's, the board will ensure management are vigilant in the monitoring of pricing, wages, expenses and internal systems. This will enable the Club to continue to provide the fore mentioned.

We will be proactive in providing new games of chance and beverages whilst continuing to foster the existing. We will ensure ongoing compliance with all regulations and legislations, thus minimising any ill consequence upon the entity.

3. The net Loss of the Company for the financial year after providing for Income Tax and extraordinary items was \$97,877
4. A review of the operations of the Company during the financial year and the results of those operations indicate continued support and patronage by Club members in respect to the Club's Trading activities.
5. No significant change in the state of affairs of the Company occurred during the financial year.
6. No matters or circumstances have arisen since the end of the financial year, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the financial years subsequent to the financial year ended 30 June, 2017.
7. The likely developments in the operations of the Company and the expected results of those operations in financial years subsequent to the financial year ended 30 June, 2017 are dependent on Club members supporting the Club.

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8. Since the end of the financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts or received as the fixed salary of a full-time employee of the company) by reason of a contract made by the Company or by a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.
9. Environmental Regulations.
The Club operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.
10. During the financial year, the Company paid a premium for a Directors and Officers liability insurance policy, the insurance cover being for present, past and future Directors and Officers of the Company. This insurance insures Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company other than conduct involving a wilful breach of duty in relation to the Club.
11. The Auditors Independence Declaration for the year ended 30 June, 2017 has been received and a copy has been included in the Annual Report.

Signed in accordance with a resolution of the Board of Directors:

Director: _____

Peter Dempsey

Director: _____

Terri-Lee Cameron

Dated at West Wallsend
This 22nd day of August 2017

WEST WALLSEND WORKERS CLUB LIMITED
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SCHEDULE "A" TO ANNUAL DIRECTORS' REPORT

DETAILS OF DIRECTORS IN OFFICE AT THE DATE OF ANNUAL REPORT

NAME	QUALIFICATIONS/ OCCUPATION	EXPERIENCE	SPECIAL RESPONSIBILITY	ATTENDANCE AT BOARD MEETINGS
ALLEN, Nelson Haydon	Retired	Director 1971 to date		11 out of 12
BAKER, Harry	Retired	Director 2015 to date		12 out of 12
CAMERON, Terri Lee	Bus Driver	Director 2009 to Date	Junior Vice president	10 out of 12
DEMPSEY, Peter	Retired	Director 1983-1991 1992 to date	Vice President	10 out of 12
WALKER, David	Directional Driller	Director Nov 2016 to date		8 out of 9
DOIG, John	Retired	Director April 2017 to date		4 out of 4
WAKEMAN, Greg	Retired	Director 2008 to Date		9 out of 12*

**Two months leave of absence granted*

Note on meeting attendances:

There were 12 ordinary board meetings held during the year.

Robert Roulston attended 5 meetings prior to his passing in February 2017

Wayne Robinson attended 1 meeting prior to his resignation in September 2016.

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INDEPENDENT AUDIT REPORT TO MEMBERS

OPINION

In our opinion, the financial report of West Wallsend Workers Club Limited 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 2017 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards' reduced disclosure requirements (including the Australian Accounting Interpretations) as described in Note 1 and the Corporations Regulations 2001.

BASIS FOR OPINION

We have conducted our audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Reports section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of West Wallsend Workers Club Limited, would be in the same terms if given to the directors as at the time of this audit report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

MATERIAL UNCERTAINTY REGARDING GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 1 to the financial statements there is uncertainty as to whether the club will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

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AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance that 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain profession scepticism throughout the audit. I 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 my 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.
- Obtaining an understanding of internal control relevant to the audit in order to design and 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 directors.
- Conclude on the appropriateness of the directors entity's 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 a significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those 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 I identify during my audit.

Reassurance Audit Services Pty Ltd
Authorised Audit Company 441724

Mark Walmsley

Date 10 September 2017
16 Dunbar Street
STOCKTON NSW 2295

WEST WALLSEND WORKERS CLUB LIMITED
ABN 84 001 052 651

DIRECTORS DECLARATION

The Directors of the Company declare that:-

1. The Financial Report, comprising the Income Statement, Balance Sheet, Statement of Changes to Equity and Cash Flow Statement, accompanying notes to the Financial Statements, and this Directors Declaration, are in accordance with the *Corporations Act 2001* and:
 - (a) give a true and fair view of the financial position of the Company as at 30 June 2017 and of the performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (b) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

PETER DEMPSEY
DIRECTOR

Dated at West Wallsend
This 22nd day of August 2017

TERRI-LEE CAMERON
DIRECTOR

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of West Wallsend Workers Club Limited for the year ended 30 June 2017 I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Reassurance Audit Services Pty Ltd
Authorised Audit Company 441724

Mark Walmsley

22 August 2017
16 Dunbar Street
STOCKTON NSW 2295

WEST WALLSEND WORKERS CLUB LIMITED
ABN 84 001 052 651

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2017

	<u>NOTE</u>	<u>2017</u> \$	<u>2016</u> \$
Revenue from Sale of Goods		579347	565966
Revenue from the Rendering of Services		1324996	1336207
Interest and Dividends Received		<u>1395</u>	<u>1874</u>
TOTAL REVENUE	2	<u>1905738</u>	<u>1904047</u>
Costs of Goods Sold		285477	255879
Poker Machine Duty		33285	39182
Employee Wages		599106	592151
Employee On-Costs & Other Payments		101313	115842
Promotional & Marketing		325161	361373
Repairs & Maintenance		70521	80087
Depreciation & Loss on Disposal of Assets		187122	149894
Borrowing Costs		46526	36133
Other Expenses		<u>355104</u>	<u>361735</u>
TOTAL EXPENDITURE		<u>2003615</u>	<u>1992276</u>
Profit/(Loss) from Ordinary Activities before Related Income Tax Expense	3	(97877)	(88229)
Income Tax expense/(Benefit)	4	0	0
Net Profit/(Loss) after Income Tax		<u>(97877)</u>	<u>(88229)</u>

(To be read in conjunction with the accompanying notes)

WEST WALLSEND WORKERS CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	5	45009	51124
Trade and other Receivables	6	11166	6238
Investments	7	71478	88113
Inventories	8	16092	21746
Other Current Assets	9	<u>40462</u>	<u>38104</u>
Total Current Assets		<u>184207</u>	<u>205325</u>
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	10	1669657	1608000
Poker Machine Entitlements	11	<u>40000</u>	<u>40000</u>
Total Non-Current Assets		<u>1709657</u>	<u>1648000</u>
<u>TOTAL ASSETS</u>		<u>1893864</u>	<u>1853325</u>
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	12	186015	135453
Interest Bearing Liabilities	13	240976	178360
Short-Term Provisions	14	121239	125925
Other Short-Term Liabilities	15	<u>20067</u>	<u>1465</u>
Total Current Liabilities		<u>568297</u>	<u>441203</u>
<u>NON-CURRENT LIABILITIES</u>			
Interest Bearing Liabilities	13	457646	448455
Provisions	14	<u>16436</u>	<u>14306</u>
		<u>474082</u>	<u>462761</u>
<u>TOTAL LIABILITIES</u>		<u>1042379</u>	<u>903964</u>
<u>NET ASSETS</u>		<u>851485</u>	<u>949361</u>
<u>SHAREHOLDERS EQUITY</u>			
Reserves		-	-
Retained Profits		<u>851485</u>	<u>949361</u>
		<u>851485</u>	<u>949361</u>

(To be read in conjunction with the accompanying notes)

WEST WALLSEND WORKERS CLUB LIMITED
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2017

	NOTE	<u>2017</u> \$	<u>2016</u> \$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Members and Others	22(b)	1918018	1905965
Payments to Suppliers and Employees		<u>-1732112</u>	<u>-1815053</u>
Net Cash Provided by Operating Activities		<u>185906</u>	<u>90912</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payments for Property, Plant & Equipment		-262962	-358740
Proceeds from Sale of Property, Plant & Equipment		14183	0
Payments for Investments		0	-1875
Proceeds from Investments on Maturity		<u>18000</u>	<u>0</u>
Net Outflow used in Investing Activities		<u>-230779</u>	<u>-360615</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of Borrowing & Lease Payments		-144546	-141250
Proceeds from Borrowings		<u>190935</u>	<u>396065</u>
Net Cash Provided by Financing Activities		<u>46389</u>	<u>254815</u>
Net Increase/(Decrease) in Cash Held		1516	-14888
Cash as at 1 July, 2016	22(a)	<u>-30793</u>	<u>-15905</u>
Cash as at 30 June, 2017		<u>-29277</u>	<u>-30793</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2017

Opening Balances 1 July 2016		
Accumulated Profits	949361	1037590
Profit / (Loss) for the Year	-97877	-88229
Asset Revaluation Reserve	<u>0</u>	<u>0</u>
Closing balances 30 June 2017	<u>851484</u>	<u>949361</u>

(To be read in conjunction with the accompanying notes)

WEST WALLSEND WORKERS CLUB LIMITED
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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards reduced disclosure requirements, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern

The club has suffered consecutive losses and has a deficiency in working capital. Notwithstanding this, the financial report has been prepared on a going concern basis. Whilst the club had recorded losses it has generated positive cash flows from trading and the club's ability to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business are dependent upon continued cash surpluses from trading and financial support from the club's creditors and lenders.

Accounting Policies

a. Inventories

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

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and building are shown at their cost, less depreciation on buildings and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal.

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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets is calculated using the estimated useful life of the asset as follows.

Class of Fixed Asset	Depreciation Rate
Buildings	20 to 50 years
Plant and equipment	3 to 25 years
Leased plant and equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets are depreciated on a diminishing value over the shorter of their estimated useful lives of the lease term.

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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

d. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transactions costs related to instruments classified as at fair value through profit or loss are expensed to profit immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

WEST WALLSEND WORKERS CLUB LIMITED
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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised costs using the effective interest rate method.

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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

e. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made of services provided by employees up to the reporting date.

g. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

i. Revenue

Revenue from sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

All revenue is stated net of the amount of goods and services tax (GST).

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NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognisable as part of the cost of acquisition of the asset or as part of an item of the expense. Receivable and payables in the balance sheet are shown inclusive of GST.

k. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

m. Income Tax

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

WEST WALLSEND WORKERS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES</u>		
Revenue from Sale of Goods	579347	565966
Revenue from Rendering of Services	1324996	1336207
Other Revenue		
Interest Received	<u>1395</u>	<u>1874</u>
	<u>1905738</u>	<u>1904047</u>

NOTE 3 - OPERATING PROFIT

(a) The following items were credited as Revenue in determining the Operating Profit.

Interest Received	<u>1395</u>	<u>1874</u>
	<u>1395</u>	<u>1874</u>

(b) The following items were charged as Expenses in determining the Operating Profit.

Depreciation and Amortisation – Property, Plant & Equipment	176704	137088
Provision – Annual & Sick Leave	41311	61674
Provision – Long Service Leave	8540	8463
Loss on Sale of Fixed Asset	10418	12806
	<u>236973</u>	<u>220031</u>

NOTE 4 – INCOME TAX

(a) ***Income Tax Expense***

The aggregate amount of tax attributable to the financial year differs to the amount calculated on the operating profit as follows:

Operating Profit/(Loss) before Income Tax	-97877	-88229
Abnormal Item before Income Tax	<u>0</u>	<u>0</u>
Operating Profit before Income Tax	<u>-97877</u>	<u>-88229</u>
Prima facie Income Tax	0	0
Apportionment Adjustment for Member Income & Expenses	<u>0</u>	<u>0</u>
Operating Profit before Income Tax	<u>-97877</u>	<u>-88229</u>
Tax Effect of Timing Differences Provision for Income Tax	<u>0</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(b) ***Future Income Tax Benefits Not Taken into Account***

The Future Income Tax Benefit which has not been recognized as an asset will only be obtained if:

- (i) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realized;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) no change in the tax legislation adversely affect the Club realising the benefit.

The Future Income Tax Benefit available to the Company as at 30 June, 2017 is \$NIL, (2016 ~ \$NIL)

NOTE 5 – CASH

	<u>2017</u>	<u>2016</u>
	\$	\$
<i>Current</i>		
Cash on Hand - Change	45000	45000
Cash at Bank	9	6124
	45009	51124

NOTE 6 – RECEIVABLES

Other Debtors	11166	6238
	11166	6238

NOTE 7 – INVESTMENTS

ANZ Bank	71478	88113
	71478	88113

NOTE 8 – INVENTORIES

Trading (at cost)	16092	21746
	16092	21746

NOTE 9 – OTHER

Deposits	20	20
Prepayments	36102	38084
Accrued Interest	0	0
Borrowing Costs	4340	0
	40462	38104

NOTE 10 – PROPERTY, PLANT & EQUIPMENT

Land and Buildings (at cost)	2110126	2057562
Provision for Depreciation	-849930	-800957
	1260196	1256605
Plant and Equipment (at cost)	1578442	1457614
Provision for Depreciation	-1168981	-1106219
	409461	351395
Property, Plant and Equipment at Written Down Book Value	1669657	1608000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 Cont'd

	<u>2017</u>	<u>2016</u>
	\$	\$
Reconciliations		
<i>Land and Buildings</i>		
Carrying amount at beginning of year	1256604	1114835
Additions	52565	185740
Disposals	0	0
Depreciation	-48973	-43971
Carrying amount at end of year	<u>1260196</u>	<u>1256604</u>
<i>Plant and Equipment</i>		
Carrying amount at beginning of year	351396	284316
Additions	210397	173031
Disposals	-24599	-14695
Depreciation	-127733	-91256
	<u>409461</u>	<u>351396</u>
	<u>1669657</u>	<u>1608000</u>

Asset Revaluations

The Freehold Land and Buildings were independently valued as 24 April 2009 by Nick Costa (Reg Valuer Cert No 3324) of Skelton Valuers.

The Club Land and Buildings was valued at \$2,010,000. This increase in value has not been booked.

Core & Non Core Property

As required by the registered clubs act 1976, all clubs are required to specify core and non core property of the club. As at 30 June 2017 the entire balance shown in land and buildings is core property.

Note 11 – POKER MACHINE ENTITLEMENTS

In the month of August 2008 the Club purchased a block of poker machine entitlements for \$44,000 (including GST) from Karuah Golf Club.

A market value of these poker machine entitlements could not be established at 30 June 2017.

NOTE 12 - PAYABLES

Current

Trade Creditors & Accruals	186015	135453
	<u>186015</u>	<u>135453</u>

NOTE 13– FINANCIAL LIABILITIES

Current

Bank Overdraft	68559	76988
Loan – ANZ Bank	76181	76181
Loan – Capital Finance	44530	20262
Loan – Central Credit & redemption System	45978	0
Visa Card Liability	5728	4929
	<u>240976</u>	<u>178360</u>

Non Current

Loan ANZ	457646	448455
Lease Liability – Capital Finance	0	0
	<u>457646</u>	<u>448455</u>

The ANZ loan is secured by a first mortgage over the clubs land and buildings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 Cont'd

<u>NOTE 14 - PROVISIONS</u>	<u>2017</u>	<u>2016</u>
<i>Current</i>	\$	\$
Employee Entitlements		
- Annual & Sick Leave	45755	49880
- Long Service Leave	75484	76045
Income Tax	0	0
Provision for Community Development & Support Payments	0	0
	<u>121239</u>	<u>125925</u>
<i>Non Current</i>		
Employee Entitlements		
- Long Service Leave	16436	14306
	<u>16436</u>	<u>14306</u>
<u>NOTE 15 – OTHER</u>		
<i>Current</i>		
Income in Advance	2012	2059
GST Liability	18055	-5954
	<u>20067</u>	<u>1465</u>
<u>NOTE 16– LEASING COMMITMENTS</u>		
<i>Finance Lease Commitments Payable</i>		
Not longer than 1 year	0	20262
Longer than 1 year but not longer than 2 years	0	0
Longer than 2 years but not longer than 5 years	0	0
Longer than 5 years	0	0
Minimum Lease Payment	0	20262
Total Lease Liability	<u>0</u>	<u>20262</u>
<u>NOTE 17 – AUDITORS REMUNERATION</u>		
(a) Auditing	2984	3000
	<u>2984</u>	<u>3000</u>

NOTE 18 – MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligation of the Company. At 30 June, 2017 the number of members was 1839 (30 June, 2016 ~ 2082)

WEST WALLSEND WORKERS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 Cont'd

NOTE 19 – RELATED PARTIES

Directors

The names of each person holding the position of Director of West Wallsend Workers Club Limited during the financial year are as follows:

N.H. Allen	W. Robinson	R.S. Roulston
G. Wakeman	T. Cameron	H Baker
P. Dempsey	J. Doig	D.Walker

NOTE 20- DIRECTORS REMUNERATION

The number of Directors of the Company whose income from the Company falls within the following:-

	<u>2017</u>	<u>2016</u>
	\$	\$
\$0 - \$9,999	9	9

Total remuneration received or due and receivable by all Directors of the Company:-

<u>2017</u>	<u>2016</u>
\$	\$
2000	2000

NOTE 21 FINANCIAL RISK MANAGEMENT

a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative instruments is to raise finance for company operations.

The company does not have any derivative instruments as at 30 June 2017

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NOTE 21 FINANCIAL RISK MANAGEMENT cont'd

Financial Risk exposures and management.

The main risks the company is exposed to through its financial instruments are interest rates risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. For further details on interest rate risk refer to Note 20b.

ii. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

iii. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The company's policy is to ensure no more than 30% of borrowing should mature in any 12 month period.

iv. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and note to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company

Credit risk is managed and reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with a 'A' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2017 and 30 June 2016 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

v. Price risk

The company is not exposed to any material commodity price risk.

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NOTE 21 FINANCIAL RISK MANAGEMENT cont'd

b) Financial Instruments Composition and Maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Within Year		1-5 years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets								
Cash and cash equivalents	45009	51124	-	-	-	-	45009	51124
Short Term Investments	71478	88113	-	-	-	-	71478	88113
Loans and receivables	11165	6238	-	-	-	-	11165	6238
	Within Year		1-5 years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial Liabilities								
Bank overdrafts	74286	76988	-	-	-	-	74286	76988
Bank loan	76181	76181	457646	448455	0	0	533827	524626
Payables	183650	131613	-	-	-	-	183650	131163
Other loans	90283	22062	-	-	-	-	90283	20262

c. Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

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NOTE 21 FINANCIAL RISK MANAGEMENT cont'd

vi Sensitivity Analysis

Interest rate risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks

Interest Rate Sensitivity Analysis:

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Change in Profit		
- increase in interest rate by 2%	(15088)	(12160)
- Decrease in interest rate by 2%	15088	12160
Change in Equity		
- Increase in interest rate by 2%	(15088)	(12160)
- Decrease in interest rate by 2%	15088	12160

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The company has no exposure to fluctuations in foreign currency.

NOTE 22 – NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purpose of this Statement of Cash Flows, Cash includes cash on hand, cash at bank and at call deposits with bank or financial institutions.

Cash at end of the year is shown in the Balance Sheet as:-

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash on Hand	45000	45000
Cash at Bank (Trading)	-68559	-76988
Cash at Bank (TAB, Keno & E*Trade)	9	6124
Visa Card Liability	-5727	-4929
	<u>-29277</u>	<u>-30793</u>

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NOTE 22 – NOTES TO THE CASH FLOW STATEMENT cont'd

(b)	Reconciliation of Cash Flows from Operations with Operating Profit after Income Tax.	<u>2017</u> \$	<u>2016</u> \$
	Operating Profit/(Loss) after Income Tax	-97877	-88229
	Non-Cash Flows in Operating Profit		
	Amortisation of borrowing Costs	780	4960
	Depreciation	176705	132128
	Charges to Provisions	-2553	19919
	Interest Received – Investments	-1396	-1874
	Loss on Disposal of Property, Plant & Equipment	10416	12804
	Interest & Fee Paid on Loans	33078	28836
	 Changes in Assets and Liabilities		
	(Increase)/Decrease in other Debtors	-4927	26
	(Increase)/Decrease in Prepayments	1980	-7216
	(Increase)/Decrease in Accrued Interest	0	0
	Increase/(Decrease) in Inventory	5654	874
	(Increase)/Decrease in Borrowing Costs	-5121	
	Increase/(Decrease) in Trade Creditors & Accruals	50564	11152
	Increase/(Decrease) in Income in Advance	-47	1892
	Increase/(Decrease) in GST Liability	<u>18650</u>	<u>-24360</u>
		185906	90912

NOTE 23 – COMPANY DETAILS

The registered office of the company is:

West Wallsend Workers Club Ltd
53 Carrington Street
WEST WALLSEND NSW 2286

The Principal place of business is:

53 Carrington Street
WEST WALLSEND NSW 2286