West Wallsend Workers Club Limited

ABN 84 001 052 651

Financial report for the year ended 30 June 2021

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2021.

Directors

The names of each person who has been a director during the year and to the date of this report are:

P Dempsey
H Baker
T Cameron
J Doig
G Wakeman
D Walker
J Steele

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the entity during the financial year was 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.

New Accounting Standards Implemented

The Entity has implemented two new Accounting Standards that are applicable for the current reporting period.

AASB 15: *Revenue from Contracts with Customers*, AASB 1058: *Income of Not-for-Profit Entities* and AASB 16: *Leases* have been applied using the cumulative effect method; that is, by recognising the cumulative effect of initially applying AASB 15, AASB 1058 and AASB 16 as an adjustment to the opening balance of equity at 1 July 2020. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: *Revenue*, AASB 117: *Leases* and AASB 1004: *Contributions*. Also to note in relation to AASB 16 is that the entity applied the temporary relief for peppercorn leases under AASB 2018-8 to measure the right of use assets at cost on initial recognition. Further information is provided in Note 1.

DIRECTORS' REPORT

Information on Directors

Peter Dempsey	–	President
Qualifications	–	Retired
Experience	–	Director 1983 -1991,1992 to date
Special Responsibilities	–	
Terri Lee Cameron	–	Vice President
Qualifications	–	Retired
Experience	–	Director 2009 to date
Special Responsibilities	–	
John Doig	–	Junior Vice President
Qualifications	–	Retired
Experience	–	Director April 2017 to date
Special Responsibilities	–	
Harry Baker	–	Director
Qualifications	–	Retired
Experience	–	Director 2015 to Date
Special Responsibilities	–	
David Walker	–	Director
Qualifications	–	Directional Driller
Experience	–	Director November 2016 to date
Special Responsibilities	–	
Greg Wakeman	–	Director
Qualifications	–	Retired
Experience	–	Director 2008 to date
Special Responsibilities	–	
Jeffery Steele	–	Director
Qualifications	–	Retired
Experience	–	Director 2020 to date
Special Responsibilities	–	

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

DIRECTORS' REPORT

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Peter Dempsey	12	12
Terri Lee Cameron	12	11
John Doig	12	12
Harry Baker	12	12
David Walker	12	9
Greg Wakeman	12	10
Jeffery Steele	12	12

DIRECTORS' REPORT

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1.00 each towards meeting any outstanding obligations of the entity. At 30 June 2021, the total amount that members of the entity are liable to contribute if the entity is wound up is $1,640 (2020: $1,911).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 4 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director:

Peter Dempsey

Dated this 26th day of October 2021

Terri Lee Cameron

Dated this 26th day of October 2021

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WEST WALLSEND WORKERS CLUB LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of West Wallsend Workers Club Limited. As the lead audit partner for the audit of the financial report of West Wallsend Workers Club Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Reassurance Audit Services Pty Ltd	Mark Walmsley
Authorised Audit Company 447124	Director

Dated 19 October 2021

16 Dunbar Street
STOCKTON NSW 2295

West Wallsend Workers Club Limited

ABN 84 001 052 651

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WEST WALLSEND WORKERS CLUB LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
Revenue	2	1,949,725	1,727,943
Other income	2	370,124	316,136
Bar COGS and Direct Expenses		-234.307	-252,317
Poker Machine Duty & Direct Expenses		-181,496	-113,707
TAB & Keno Direct Expenses		-11,135	-9,024
Interest on Right of Use Leased Assets		-904	-1,526
Audit, Accounting & Legal Fees		-20519	-23,100
Wages		-563,287	-591,403
Employee on costs		-172,013	-160,681
Promotions		-177,785	-221,645
Repairs & maintenance		-93,615	-59,111
Depreciation & Amortisation		-241,964	-255,968
Interest & Borrowing Costs		-17,465	-28,099
Other expenses		-176,281	-197,930
Current year surplus before income tax	3	429,078	129,568
Income tax expense	1(k)	0	0
Net current year surplus		429,078	129,568

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
Net current year surplus			
Other comprehensive income		429,078	129,568
Items that will not be reclassified subsequently to profit or loss:			
Gains on revaluation of land and buildings	8	0	0
Fair value gains/(losses) on financial assets at fair value through other comprehensive income		0	0
Total other comprehensive income/(loss) for the year		0	0
Total comprehensive income for the year		429,078	129,568

West Wallsend Workers Club Limited

ABN 84 001 052 651

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	206,841	134,802
Trade and other receivables	5	27,902	24,470
Inventories	6	22,111	16,376
Other assets	7	74,287	97,146
TOTAL CURRENT ASSETS		331,141	272,794
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,760,396	1,503,097
Intangible assets	9	70,000	40,000
Right of use assets	10	50,365	83,943
TOTAL NON-CURRENT ASSETS		1,880,761	1,627,040
TOTAL ASSETS		2,211,902	1,899,834
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	215,468	145,804
Borrowings		104,743	97,860
Lease liabilities		36,550	58,949
Income in Advance		18,474	15,748
Provisions	12	145,498	153,138
TOTAL CURRENT LIABILITIES		520,733	471,499
NON-CURRENT LIABILITIES			
Borrowings		201,592	335,318
Lease Liabilities		0	27,062
Provisions	12	2,403	7,859
TOTAL NON-CURRENT LIABILITIES		203,995	370,293
TOTAL LIABILITIES		724,728	841,738
NET ASSETS		1,487,174	1,058,096
EQUITY			
Retained surplus		1,487,174	1,058,096
AASB16 Adjustment		0	0
Reserves		0	0
TOTAL EQUITY		1,487,174	1,058,096

The accompanying notes from part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Retained Surplus	Revaluation Surplus	Financial Assets Reserve	Total
	$	$	$	$
Balance at 1 July 2019	928,528	0	0	928,528
Comprehensive income				
Surplus for the year	129,568	0	0	129,568
Other comprehensive income for the year				
Total comprehensive income for the year	129,568	0	0	129,568
Balance at 30 June 2020	1,058,096	0	0	1,058,096
Balance at 1 July 2020				
Cumulative adjustment upon adoption of new accounting standards – AASB 16 and AASB 1058				
Comprehensive income				
Surplus for the year	429,078	0	0	429,078
Other comprehensive income for the year	0	0	0	0
Transfer – (gains)/losses on disposal of equity instruments at fair value through other comprehensive income to retained surplus	0	0	0	0
Total comprehensive income for the year	429,078	0	0	429,078
Other transfers				
Transfer on sale of asset	0	0	0	0
Total transactions other transfers	0	0	0	0
Balance at 30 June 2021	1,477,714	0	0	1,477,174

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members & Guests		2,131,315	1,894,062
Government Covid-19 Subsidies		215,000	138,000
Payments to suppliers and employees		-1,588,386	-1,694,900
Interest received		334	969
Net cash generated from operating activities		758,263	338,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	0
Payment for property, plant and equipment		-465,683	-175,093
Proceeds from sale of investments in equity instruments at fair value through other comprehensive income		0	0
Payment for investments in equity instruments at fair value through other comprehensive income		0	0
Payment for financial assets at fair value through profit or loss		0	0
Payment for intangible assets		-30,000	0
Payment for financial assets at amortised cost		0	0
Net cash used in investing activities		-495,683	-175,093
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-345,517	-98,940
Repayment of Leases		-50,364	-33,271
Proceeds from Borrowings		200,000	35,000
Net cash generated by/(used in) financing activities		-195,881	-97,211
Net increase in cash held		66,699	65,827
Cash and cash equivalents at beginning of financial year		76,459	10,632
Cash and cash equivalents at end of financial year		143,158	76,459

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

West Wallsend Workers Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Deficiency in Working Capital

The club's trading performance has improved significantly in recent years and has made profits from 2017 to 2021, despite this the club has a deficiency in working capital. Notwithstanding this, the financial report has been prepared on a going concern basis. The club has generated positive cash flows from trading and despite the uncertainty regarding the Covid 19 Pandemic the club's directors expect the club to continue as a going concern and realise its assets and discharge it's liabilities in the normal course of business dependent upon continued cash surpluses from trading and financial support from the club's creditors and lenders.

The financial statements were authorised for issue on 26 October 2021 by the directors of the entity.

Accounting Policies

a. **Revenue**

Revenue recognition

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).

b. **Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

c. **Property, Plant and Equipment**

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

Freehold property

Freehold land and buildings are shown at cost.

The Freehold Land and Buildings were independently valued as 27 June 2016 by A D Magin (Valuer Cert No 2568) Baker and Magin Registered Valuers. The Club Land and Buildings was valued at $1,860,000. This increase in value has not been recognised in the financial statements.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Depreciation

The depreciable amount of all fixed assets, including buildings and plant and equipment but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity 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 are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% to 4%
Plant and equipment	7.5% to – 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d. **Leases**

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
– the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognised a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or

- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g. **Employee Benefits**

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

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 borrowings in current liabilities on the statement of financial position.

i. **Trade and Other Debtors**

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. **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

l. **Intangible Assets**

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

m. **Provisions**

Provisions are recognised when the entity 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. **Comparative Figures**

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

o. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements 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 entity.

Key estimates

(i) *Valuation of freehold land and buildings*

The freehold land and buildings were independently valued at 30 June 2016 by Baker & Magin. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation includes the fact that the established club occupies a commercial site within the West Wallsend shopping centre, and includes “purpose built” improvements that have limited practical/economic potential for alternative uses. An accepted method of valuation for specialised properties such as licenced clubs is that of “summation of land and improvements’. This approach recognises the suitability of the property for continued use as a club, while also acknowledging factors such as the condition of the improvement, facilities provided, degree of functional obsolescence ets.

At 30 June 2021, the directors have performed a directors’ valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2016 and do not believe there has been a significant change in the assumptions at 30 June 2021. The directors therefore believe the carrying amount of the land correctly reflects the fair value less costs of disposal at 30 June 2021.

(ii) *Useful lives of property, plant and equipment*

As described in Note 1(c), the Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(iii) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

p. **Fair Value of Assets and Liabilities**

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

q. **New and Amended Accounting Standards Adopted by the Entity**

Initial adoption of AASB 2020-04 *COVID-19 – Related Rent Concessions*

AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19- Related Rent Concessions* amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3 *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE AND OTHER INCOME

	2021	2020
	$	**$**
Revenue		
– Bar Income	494,705	537,296
– Poker Machine Income	1,391,348	1,132,101
– TAB And Keno Income	63,672	57,916
	1,949,725	1,727,943
Other income		
– Government Grants & Covid-19 Subsidies	215,000	138,000
– Interest Received	334	969
– Commissions	33,732	33,729
– Bus Income	824	4,099
– Members Subscription	3,421	5,840
_ Raffles & Bingo	111,916	126,662
– Insurance Recoveries	0	4,440
– Other	4,897	2,397
Total other income	370,124	316,136
Total revenue and other income	2,319,849	2,044,079

NOTE 3: SURPLUS FOR THE YEAR

	2021	2020
	$	**$**
Expenses		
Bar Cost of Sales & Direct Expenses	234,307	252,317
Poker Machine Direct Expenses & Duty	181,496	113,707
TAB & Keno Direct Expenses	11,135	9,024
Interest Right of Use Assets	904	1,526
Audit, Accounting & Legal fees	20,519	23,100
Wages & Employee on Costs	735,300	752,084
Promotions	177,785	221,645
Repairs & Maintenance	93,615	59,111
Depreciation , amortisation & Loss on Disposal	241,964	255,968
Interest & Borrowing Costs	17,465	28,099
Other	176,281	197,930
Total Expenses	1,890,771	1,914,511
Surplus for the year	429,078	129,568

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2021	2020
		$	$
CURRENT			
Cash on Hand		50,000	45,000
Cash At Bank – ANZ Trading A/c		94,752	32,384
Cash at Bank – ANZ TAB A/c		4,574	705
Cash at Bank – ANZ Keno A/c		603	67
ANZ Term Deposit		56,912	56,646
		206,841	134,802

NOTE 5: TRADE AND OTHER RECEIVABLES

		2021	2020
		$	$
CURRENT			
Trade receivables		27,902	24,470
Other receivables		0	0
Provision for impairment		0	0
Total current trade and other receivables	19	27,902	24,470

The entity’s normal credit term is 30 days.

NOTE 6: INVENTORIES

	2021	2020
	$	$
CURRENT		
At cost:		
Inventory	22,111	16,376

NOTE 7: OTHER ASSETS

	2021	2020
	$	$
CURRENT		
Accrued income	93	25
Borrowing Costs	174	1,215
Prepayments	74,020	95,906
	74,287	97,146

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Land and Buildings		
Land & Car Park at cost	27,511	27,511
Buildings at Cost	2,295,279	2,090,498
Less accumulated depreciation	-1,043,998	-994,342
Total land and buildings	1,278,792	1,123,667
Plant and Equipment		
Plant & Equipment at Cost	1,581,174	1,382,467
Less accumulated depreciation	-1,099,570	-1,003,037
Total Plant and Equipment	481,604	379,430
Total, Property, Plant and Equipment	1,760,396	1,503,097

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings $	Right of Use Assets $	Plant and Equipment $	Total $
2021				
Balance at the beginning of the year	1,123,667	83,942	379,430	1,587,039
Additions at cost	204,781	0	260,902	465,683
Disposals	0	0	5,252	5,252
Depreciation expense	49,656	33,577	153,474	236,707
Impairment losses	0	0	0	0
Carrying amount at the end of the year	1,278,792	50,365	481,606	1,810,763

NOTE 9: INTANGIBLE ASSETS

	2021	2020
	$	$
Poker Machine Entitlements Purchased	70,000	40,000
	70,000	40,000

NOTE 10: RIGHT OF USE ASSETS

The Entity's lease portfolio includes motor vehicles equipment and buildings. These leases have an average of 10 years as their lease term.

The option to extend or terminate are contained in several of the property leases of the Entity. There were no extension options for equipment or motor vehicle leases. These clauses provide the Entity opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Entity. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

2. Concessionary lease

During the current year, the Entity entered into a 5-year concessionary lease with a local City Council for the exclusive use of a room in a town hall from which to conduct a youth mentorship program for local underprivileged youths. The Entity may not use this space for any other purpose during the lease term without prior consent of the City Council. The lease payments are $500 per annum, payable quarterly.

This lease is measured at cost in accordance with the Entity's accounting policy as outlined in Note 1.

The Entity is dependent on this lease to further its objectives. Without this concessionary lease, it would be unlikely for the Entity to service this area due to high market rates in this area. More information on the concessionary leases are available as described in Note 1(d).

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets	2021	2020
	$	$
Aristocrat Poker Machine IP Licences	147,190	147,190
Accumulated Depreciation	- 96,825	-63,247
Total Right of use asset	50,365	83,943
Movement in carrying amounts:		
Aristocrat Poker Machine IP Licence Fee		
Opening Net Carrying Amount	83,943	88,811
Addition to right-of-use asset	0	38,320
Depreciation expense	-33,578	-43,188
Total Right of use asset	**50,365**	**83,943**

ii) AASB 16 related amounts recognised in the statement of profit or loss

	Note	2021	2020
		$	$
Interest expense on lease liabilities		904	1,526
Short-term leases expense		0	0
Low value asset leases expense		834	636

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2021	2020
		$	$
CURRENT			
Trade payables		197,399	115,821
Other current payables		12,033	18,483
Accrued Expenses		6,036	11,500
		215,468	145,804
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
– total current		123,217	113,608
– total non-current		201,592	335,318
Financial liabilities as trade and other payables	19	324,809	448,926

NOTE 12: PROVISIONS

	2021	2020
	$	$
CURRENT		
Provision for employee benefits: annual leave	62,918	60,016
Provision for employee benefits: long service leave	82,580	93,122
	145,498	153,138
NON-CURRENT		
Provision for employee benefits: long service leave	2,404	7,859
	147,902	160,997

	Employee Benefits	Total
	$	$
Analysis of total provisions		
Opening balance at 1 July 2020	160,977	152,524
Additional provisions raised during year	55,413	60,748
Amounts used	68,488	52,295
Balance at 30 June 2021	147,902	160,977

NOTE 12: PROVISIONS

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

NOTE 13: CAPITAL AND LEASING COMMITMENTS

		2021	2020
		$	$
a.	**Lease Commitments**		
	No later than 12 months:	0	0
	– Short-term leases		
b.	**Capital Expenditure Commitments**		
	Auditorium Refurbishment	38,956	0

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

Due to the global Covid-19 Pandemic there were significant affects in the Clubs operation in the first quarter of the 2021/22 financial year resulting in the cessation of trade from August 5 to October 11, 2021.

The financial effect of the loss has not been brought to account in the financial statements at 30 June 2021, and will be reflected in next year's financial statements.

This cessation of trade will have a significant effect on the Clubs Profit moving into the 2021/22 financial year. It has directly affected our aim to provide services to our members in line with our commitment to Section 2 of our Principal Activities. Whilst extensive renovations to the upper level were commenced just prior to the lock down no additional funds were borrowed, It was financed entirely by successful trading at the time, the utilisation of cash reserves and advanced mortgage repayments. The liquidity of the Company has been maintained by prudent management during the shut down and Government financial stimuli.

NOTE 15: RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel compensation	150,227

NOTE 16: FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021	2020
		$	**$**
Financial assets			
Financial assets at fair value through profit or loss:			
– held-for-trading Australian listed shares	7	0	0
Financial assets at amortised cost:			
– cash and cash equivalents	4	206,841	134,802
– trade and other receivables	5	27,902	24,470
– government and fixed interest securities	7	0	0
Total financial assets		234,743	159,272

	Note	2021	2020
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	11	540,997	589,184
– lease liabilities		35,304	87,103
Total financial liabilities		576,301	676,287

NOTE 17: FAIR VALUE MEASUREMENTS

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

– financial assets at fair value through profit or loss;
– financial assets at fair value through other comprehensive income; and
– freehold land and buildings.

The entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.[1]

Valuation techniques

The entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

– the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
– the income approach, which converts estimated future cash flows or income and expenses into a single discounted present value; and
– the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

	Note	2021	2020
		$	$
Recurring fair value measurements			
Financial assets			
Financial assets at fair value through profit or loss:			
– held-for-trading Australian listed shares (i)		0	0
Investments in equity instruments designated as at fair value through other comprehensive income:			
– shares in listed corporations (i)		0	0
		0	0
Non-financial assets			
– freehold land	8	27,511	27,511
– buildings	8	1,251,281	1,096,153
		1,285,792	1,123,667

(i) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

NOTE 18: RESERVES

a. **Revaluation Surplus**

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this reserve.

b. **Financial Assets Reserve**

The financial assets reserve records revaluation increments and decrements (that do not represent impairment write-downs) that relate to financial assets at fair value through other comprehensive income (previously available-for-sale financial assets).

NOTE 19: ENTITY DETAILS

The registered office of the entity is:

West Wallsend Workers Club Limited

53 Carrington Street

WEST WALLSEND, NSW 2286

The principal place of business is:

West Wallsend Workers Club

53 Carrington Street

WEST WALLSEND, NSW 2286

NOTE 20: MEMBERS' GUARANTEE

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1.00 each towards meeting any outstanding obligations of the entity. At 30 June 2021, the number of members was 1,640 (2020: 1,911).

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of West Wallsend Workers Club Limited, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 1 to 28, satisfy the requirements of the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements applicable to the entity; and
   b. give a true and fair view of the financial position of the entity as at 30 June 2021 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Peter Dempsey (President)   Terri Lee Cameron (Vice President)

Dated this 26th day of October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST WALLSEND WORKERS CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West Wallsend Workers Club Limited (the entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 entity is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) 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* (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 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 auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 (Deficiency in Working Capital) 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.

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

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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 entity 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity 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 judgement 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 entity'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 entity'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 entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

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.

Reassurance Audit Services Pty Ltd	Mark Walmsley
Registered Audit Company 441724	Director

Dunbar Street Stockton NSW

Dated this 26th day of October 2021