West Wallsend Workers Club Limited
ABN 84 001 052 651
Financial report for the year ended 30 June 2023

DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2023.

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

J Steele

M Johnson

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.

DIRECTOR'S REPORT

Information on Directors

Peter Dempsey	–	President
Qualifications	–	Retired
Experience	–	Director 1983 -1991,1992 to date
Special Responsibilities	–	
Terri Lee Cameron	–	Junior Vice President
Qualifications	–	Retired
Experience	–	Director 2009 to date
Special Responsibilities	–	
John Doig	–	Director
Qualifications	–	Retired
Experience	–	Director April 2017 to date
Special Responsibilities	–	
Harry Baker	–	Vice President
Qualifications	–	Retired
Experience	–	Director 2015 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	–	
Martin Johnson	–	Director
Qualifications	–	Mechanic
Experience	–	Director 2021 to date
Special Responsibilities	–	

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:

DIRECTORS' REPORT

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Peter Dempsey	11	9
Terri Lee Cameron	11	8
John Doig **	11	2
Harry Baker	11	11
Greg Wakeman	11	11
Jeffery Steele	11	10
Martin Johnson	11	8

** Three months' leave of absence granted.

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 2023, the total amount that members of the entity are liable to contribute if the entity is wound up is $1,746 (2022: $1,632).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 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.

Peter Dempsey (President) Harry Baker (Vice President)

Dated this 16th day of October 2023

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 auditor for the audit of the financial report of West Wallsend Workers Club Limited for the year ended 30 June 2023, 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
Authorised Audit Company 447124

Mark Walmsley
Date: 9 October 2023
16 Dunbar Street
STOCKTON NSW 2295

West Wallsend Workers Club Limited

ABN 84 001 052 651

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		1	$
Revenue	2	2,488,088	1,581,664
Other income	2	219,649	224,980
Bar COGS and Direct Expenses		-312,354	-202,828
Poker Machine Duty & Direct Expenses		-269,123	-122,251
TAB & Keno Direct Expenses		-10,960	-8,737
Interest on Right of Use Leased Assets		0	-188
Audit, Accounting & Legal Fees		-27,035	-19,540
Wages		-587,120	-461,717
Employee on costs		-238,262	-165,559
Promotions		-244,431	-158,088
Repairs & maintenance		-95,210	-52,845
Depreciation & Amortisation		-301,870	-292,953
Interest & Borrowing Costs		-12,537	-19,633
Other expenses		-211,527	-192,444
Current year surplus before income tax	3	397,118	109,861
Income tax expense	1(k)	0	0
Net current year surplus		397,118	109,861

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
Net current year surplus			
Other comprehensive income		397,118	109,861
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		397,118	109,861

STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	285,192	216,355
Trade and other receivables	5	39,457	36,037
Inventories	6	27,623	19,259
Other assets	7	78,275	65,728
TOTAL CURRENT ASSETS		430,547	337,379
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,813,608	1,749,873
Intangible assets	9	70,000	70,000
Right of use assets	10	22,862	38,104
TOTAL NON-CURRENT ASSETS		1,906,470	1,857,977
TOTAL ASSETS		2,337,017	2,195,356
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	166,515	133,752
Borrowings		69,127	130,978
Lease liabilities		0	16,181
Income in Advance		19,030	20,518
Provisions	12	95,032	105,101
TOTAL CURRENT LIABILITIES		349,704	406,530
NON-CURRENT LIABILITIES			
Borrowings		0	191,791
Lease Liabilities		0	0
Provisions	12	2,473	0
TOTAL NON-CURRENT LIABILITIES		2,473	191,791
TOTAL LIABILITIES		352,447	598,321
NET ASSETS		1,984,570	1,597,035
EQUITY			
Retained surplus		1,984,570	1,597,035
TOTAL EQUITY		1.984,570	1,597,035

The accompanying notes from part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Retained Surplus	Revaluation Surplus	Financial Assets Reserve	Total
	$	$	$	$
Balance at 1 July 2022	1,597,035	0	0	1,597,035
Comprehensive income				
Surplus for the year	397,118	0	0	397,118
Other comprehensive income for the year	-9,583	0	0	-9,583
Total comprehensive income for the year		0	0	
Balance at 30 June 2023	1,984,570	0	0	1,984,570

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members & Guests		2,685,055	1,755,213
Government Covid-19 Subsidies		5,000	82,217
Payments to suppliers and employees		-1,980,778	-1,549,075
Interest received		736	182
Net cash generated from operating activities		708,134	288,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		0	23,445
Payment for property, plant and equipment		-350,364	-282,031
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		0	0
Payment for financial assets at amortised cost		0	0
Net cash used in investing activities		-350,364	-258,586
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-274,631	-140,235
Repayment of Leases		-16,181	-20,368
Proceeds from Borrowings		0	203,849
Net cash generated by/(used in) financing activities		-290,812	43,246
Net increase in cash held		68,837	73,197
Cash and cash equivalents at beginning of financial year		216,355	143,158
Cash and cash equivalents at end of financial year		285,192	216,355

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

West Wallsend Workers Club Limited applies Australian Accounting Standards – Simplified Disclosures 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 – Simplified Disclosures 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.

The financial statements cover West Wallsend Workers Club Limited as an individual entity, incorporated and domiciled in Australia. West Wallsend Workers Club Limited is a company limited by guarantee.

The financial statements were authorised for issue on 25 September 2023 by the directors of the Entity.

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.

Impairment

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 Provisions**

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.

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 2023, 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 2022. The directors therefore believe the carrying amount of the land correctly reflects the fair value less costs of disposal at 30 June 2023.

(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**

The adoption of the amendment did not have a material impact on the financial statements.

r. **New and Amended Accounting Policies Not Yet Adopted by the Entity**

– AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Entity plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

– AASB 2022-7: *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Entity plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: REVENUE AND OTHER INCOME

	2023	2022
	$	$
Revenue		
– Bar Income	686,644	430,921
– Poker Machine Income	1,721,462	1,097,727
– TAB And Keno Income	79,982	53,016
	2,488,088	1,581,664
Other income		
– Government Grants & Covid-19 Subsidies	5,000	82,217
– Interest Received	736	182
– Commissions	32,121	22,255
– Bus Income	3,299	1,677
– Members Subscription	10,595	4,916
_ Raffles & Bingo	152,265	98,539
– Profit on Sale of Non Current Assets	0	11,591
– Other	15,633	3,599
Total other income	219,649	224,980
Total revenue and other income	2,707,737	1,806,644

NOTE 3: SURPLUS FOR THE YEAR

	2023	2022
	$	$
Expenses		
Bar Cost of Sales & Direct Expenses	312,354	202,828
Poker Machine Direct Expenses & Duty	269,123	122,251
TAB & Keno Direct Expenses	10,960	8,737
Interest Right of Use Assets	0	188
Audit, Accounting & Legal fees	27,035	19,540
Wages & Employee on Costs	825,382	627,276
Promotions	244,431	158,088
Repairs & Maintenance	95,210	52,845
Depreciation , amortisation & Loss on Disposal	301,869	292,953
Interest & Borrowing Costs	12,537	19,633
Other	211,717	192,440
Total Expenses	2,310,618	1,696,779
Surplus for the year	397,118	109,861

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2023	2022
		$	$
CURRENT			
Cash on Hand		50,000	50,000
Cash At Bank – ANZ Trading A/c		162,559	106,478
Cash at Bank – ANZ TAB A/c		8,594	2,372
Cash at Bank – ANZ Keno A/c		6,665	411
ANZ Term Deposit		57,374	57,094
		285,192	216,355

NOTE 5: TRADE AND OTHER RECEIVABLES

		2023	2022
		$	$
CURRENT			
Trade receivables		26,643	27,422
Other receivables		12,814	8,615
Provision for impairment		0	0
Total current trade and other receivables	18	39,457	36,037

The entity's normal credit term is 30 days.

NOTE 6: INVENTORIES

	2023	2022
	$	$
CURRENT		
At cost:		
Inventory	27,623	19,259

NOTE 7: OTHER ASSETS

	2023	2022
	$	$
CURRENT		
Accrued income	281	27
Borrowing Costs	0	0
Prepayments	77,994	65,701
	78,275	65,728

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	$	$
Land and Buildings		
Land & Car Park at cost	27,511	27,511
Buildings at Cost	2,375,171	2,329,893
Less accumulated depreciation	-1,154,113	-1,099,136
Total land and buildings	1,248,569	1,258,268
Plant and Equipment		
Plant & Equipment at Cost	1,708,405	1,516,556
Less accumulated depreciation	-1,143,366	-1,024,951
Total Plant and Equipment	565,039	491,605
Total, Property, Plant and Equipment	1,813,608	1,749,873

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	Plant and Equipment	Total
	$	$	$
2023			
Balance at the beginning of the year	1,258,268	491,605	1,749,873
Additions at cost	45,278	305,086	350,364
Disposals	0	18,011	18,011
Depreciation expense	54,977	213,640	268,617
Impairment losses	0	0	0
Carrying amount at the end of the year	1,248,569	469,814	1,813,608

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: INTANGIBLE ASSETS

	2023	2022
	$	$
Poker Machine Entitlements Purchased	70,000	70,000
	70,000	70,000

NOTE 10: RIGHT OF USE ASSETS

The Entity's lease portfolio includes equipment. These leases have an average of 3 years as their lease term.

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.

	Right of Use Assets	Total
	$	$
2023		
Balance at the beginning of the year	38,104	38,104
Depreciation expense	15,242	15,242
Carrying amount at the end of the year	22,862	22,862

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets	2023	2022
	$	$
Aristocrat Poker Machine IP Licences	160,331	160,331
Accumulated Depreciation	-137,469	-122,227
Total Right of use asset	22,862	38,104
Movement in carrying amounts:		
Aristocrat Poker Machine IP Licence Fee		
Opening Net Carrying Amount	38,104	50,365
Addition to right-of-use asset	0	13,141
Depreciation expense	-15,242	-25,402
Total Right of use asset	**22,862**	**38,104**

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

	Note	2023	2022
		$	$
Interest expense on lease liabilities		0	188
Short-term leases expense		0	0
Low value asset leases expense		0	979

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2023	2022
		$	$
CURRENT			
Trade payables		116,734	85,795
Other current payables		34,391	31,094
Accrued Expenses		15,390	16,863
		166,515	133,752
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
– total current		69,127	130,978
– total non-current		0	191,791
Financial liabilities as trade and other payables	18	69,127	322,769

NOTE 12: PROVISIONS

	2023	2022
	$	$
CURRENT		
Provision for employee benefits: annual leave	31,170	40,209
Provision for employee benefits: long service leave	63,561	64,892
	95,032	105,101
NON-CURRENT		
Provision for employee benefits: long service leave	2,743	0
	97,775	105,101

	Employee Benefits	Total
	$	$
Analysis of total provisions		
Opening balance at 1 July 2022	105,101	147.902
Additional provisions raised during year	60,688	33,038
Amounts used	-68,014	-75,839
Balance at 30 June 2023	97,775	105,101

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

		2023	2022
		$	$
a.	**Lease Commitments**		
	No later than 12 months:	0	0
	– Short-term leases		
b.	**Capital Expenditure Commitments**		
	Auditorium Refurbishment	0	0

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION

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

The totals of remuneration paid to KMP of the entity during the year are as follows:

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

	2023	2022
	$	**$**
KMP compensation		
– short-term employee benefits	126,848	132,353
– post-employment benefits	24,839	14,089
– other long-term benefits	0	0
	151,687	146,442

NOTE 17: OTHER 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.

During the year there were no transactions between the club and any related parties.

NOTE 18: 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	2023	2022
		$	**$**
Financial assets			
Financial assets at amortised cost:			
– cash and cash equivalents	4	285,192	216,355
– trade and other receivables	5	39,457	36,037
Total financial assets		311,835	252,392

Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables (current)	11	166,515	133,752
– trade and other payables (non-current)	11	69,127	322,769
– lease liabilities		0	16,181
Total financial liabilities		235,642	472,702

NOTE 19: 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 19: FAIR VALUE MEASUREMENTS

	Note	2023	2022
		$	**$**
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	1,221,058	1,230,757
		1,248,569	1,258,268

(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 20: ENTITY DETAILS

The registered office of the entity and principal place of business is:

West Wallsend Workers Club Limited

53 Carrington Street

WEST WALLSEND, NSW 2286

NOTE 21: 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 2023, the number of members was 1,746 (2022: 1,632).

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 – (Simplified Disclosures) applicable to the entity; and
   b. give a true and fair view of the financial position of the entity as at 30 June 2023 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)

Harry Baker (Vice President)

Dated this 16th day of October 2023

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 2023, 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 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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.

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 2023, 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 – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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.

Mark Walmsley

Reassurance Audit Services Pty Ltd

16 Dunbar Street
STOCKTON NSW 2295

Dated 16 October 2023