Presidents Report 30th June 2019

I have much pleasure in presenting my 2019 annual presidents report.

The Club continues to prosper under the guidance of our great management team and stable Board of Directors. We have made a profit of $3,157 for the 2018-2019 financial year before income tax, and a loss of $29,941 after tax.

We now have The Clubhouse up and running after quite a long time of limited trading and extensive renovations. It's great to see the improvement in the facility; we now have 2 refurbished venues to make use of.

Remember One Great Club, Two Great Venues.

Socially we have once again had a busy year, the monthly 6oz lunches have been well attended with some very interesting guest speakers, thank you to John Hedley and Aldo Sartori for your organisation. Our Calcutta was once again successful with some interesting entertainment from Mick Sharkie & David Taggart. A big thank you to The Club Cricketers for their ongoing support, the 100 Club Gala night was well attended at the Clubhouse, and the Easter Sunday Easter egg hunt being one of the highlights of our social calendar, a big thankyou to our staff and volunteers,

The Club has made donations of $78,038.33 and member benefits totalled a whopping $311,222.10. These figures include donated use of the bus, van and cars, rooms for functions, equipment for various events, the marquee, hundreds of vouchers, and our participation in and coordination of community events.

Major donations went to Wonthaggi Power Football & Netball Club, Club Cricket Club, Kilcunda Bass Football Netball Club, Dalyston Football Netball Club, Wonthaggi Bowls Club, Wonthaggi Rotary and the Wonthaggi Band. Plus, other money that has been distributed through our Wonfund.

This year, The Wonthaggi Club once again sponsored Bass Coast Breakers Women's AFL team who moved up into division 1 and had a tough year, better luck next year girls. We feel very proud to be involved with this group and they have reciprocated with being great supporters and ambassadors of the club

Membership has seen growth increasing from 4309 to 6179.

Sadly, we said farewell to effective members William (Bill) Robertson, Robert Jeffries, Phillip O'Connor, Maurice Rielly, Thomas Eurell, Geoffrey Johnson, Eileen Trewin, Lee Strosser, Robert Chubb, Phillip Harrop, Bernard McRae, Barbara Watson, Joan Woolfe, Judith Clemann, Yvonne Cowell, Frederick Cowlishaw, Margaret Johns & Ian Montgomery. These members will be missed and our condolences go to their loved ones.

I would like to take this opportunity to thank our Board of Directors, in particular retiring Directors Rob Geyer and Glen Rielly, thank you for your time and commitment to our Club. During the year we saw long time operations manager Allan Smith retire, Allan was a great worker and friend to all. Jaye Foon has returned to us from a few years away with some new and fresh ideas. To Steve Curtis, Bree Stevens, Ben Rookes and the rest of our very dedicated staff, thank you for your work in making the Club a great place to be part of.

Alan Bolding

President

The Wonthaggi Club

EST. 1911

One Great Club, Two Great Venues

Treasurer's Report 2019

I present the financial report for the year ended 30th June 2019. The club has recorded an overall loss of $29,941 this financial year, arriving at a surplus of $3,157 before Income Tax of $33,098 compared to a profit last year of $62,388.

Total revenue rose from $8,386,403 to $8,420,674 whilst Gaming revenue had a small loss of around 1%, down from $5,577,020 to $5,462,526 ($114,494 difference). Total Bar Sales also saw a modest overall growth rising from $1,312,658 to $1,425750 (an additional $113,092) with the Stage 1 Bar again recording the biggest increase of an additional $80,615 on last year's figures. For a fourth consecutive year income from Food Sales topped the $1m mark, with $1,332,946 compared with $1,269,525 last year. Some very positive and increasingly valuable work has been done to promote the use of the Club facilities and inform the community of what services the Club can provide in the way of function packages. The Tuesday night meals especially have been very popular and we look forward to the long-term benefits of the Club's promotion and marketing program. The delivery of good quality meals and consistent good service across both venues has seen greater patronage and the Club's reputation as the place to be is steadily growing. Club membership rose from 4309 to 6179. Member benefits and discounts amounted to $311,242 (up from $265,615) once again reflecting excellent value for our members.

On the expense side, Gaming tax was reduced from $1,630,056 to $1,606,954 reflecting the decreased income from gaming. Employee costs increased from $2,200,799 to $2,233,574 and Income Tax decreased from $55,730 to $33,098. Depreciation amounted to $1,263,304 and the Club's total financial liabilities decreased by $433,533 from $5,223,111 to $4,789,578 (last year $330k).

As was reported in the previous Annual Report the Wonthaggi Club in partnership with the Wonthaggi Golf Club was committed to vital improvements to the Clubhouse including kitchen, bar and function rooms. It has been a challenging time. These works took longer than expected and so the business was restricted, however the works have been completed and the facility is open and functioning well. The cost of these works was $439k, a solid investment for the future.

The financial report outlines the costs in utilities, insurances, security, promotions & entertainment, repairs & maintenance and the cost of goods and services. All these costs are closely monitored, reviewed and reported on at the monthly Finance and Directors meetings and addressed as part the Club's strategic planning.

The Wonthaggi Club continues to have a proud and strong connection with the local community and has again generously supported it through the Wonfund, direct donations and sponsorships, use of the Club's equipment including the Club bus and free use of facilities. It is really a diverse group of community organisations that benefit from this great partnership. This has enabled many groups and organisations to run activities and events, expand participation and generally help them to do the things they do so well. Community donations reached $88k this year (last year $72k) including $9210 through the Wonfund. The Club again ran a number of very successful events throughout the year, including the hosting of the Easter Family Day at the State Coalmine. What a great day for the Club and the community.

The Board has implemented a new system to manage the many requests for assistance and whilst this is still new and being refined it will make the process and accountability requirements a lot clearer and easy to manage.

I would especially congratulate Alan Bolding for his leadership as Club President, the Board for its hard work and patience and Club Manager, Steve Curtis, for his continued excellent management and guidance. Thank you also to now retired Operations Manager Alan Smith, Bree, Ben, Les, Belinda, Jaye, Melissa, Liam and Trudy who have managed the finances and staff and make the Club successful. What a team!

John Duscher

Treasurer
The Wonthaggi Club

THE WONTHAGGI CLUB
ABN 59 004 154 045

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

TABLE OF CONTENTS

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2019.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Director		Appointment Date for current term	
Alan Bolding	President	11/09/2018	
Aldo Sartori	Vice President	12/09/2017	
John Duscher	Treasurer	12/09/2017	
John Geyer	Director	11/09/2018	
Jason Sartori	Director	11/09/2018	
Stephen Scimonello	Director	11/09/2018	
Glendon Rielly	Director	12/09/2017	
David Brown	Director	12/09/2017	
Robert Geyer	Director	12/09/2017	
Peter Vick	Director	11/09/2018	
James Quilford	Director	13/06/2016	(terminated 11/09/2018)

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 Company during the financial year was to the operation of a registered club for the provision of entertainment, social engagement and community support for its members, the township of Wonthaggi and surrounds.

Objectives

The Company's short-term objectives are:

- Providing discounted entertainment and hospitality products and services for members.
- Providing entertainment and hospitality products and services for the community.
- Providing distributions to the community at regular intervals.
- Providing turnover, cash flows and profit to meet the financial objectives of the Company.

The Company's long-term objectives are:

- Providing discounted entertainment and hospitality products and services for members.
- Providing entertainment and hospitality products and services for the community.
- Providing distributions to the community at regular intervals.
- Providing turnover, cash flows and profit to meet the financial objectives of the Company.
- Providing improved facilities for members and the community.

Strategies

To achieve its stated objectives, the Company has adopted the following strategies:

- Take a customer centric approach to our product mix, asking our members what they want, and delivering the goods.
- To extend an open invitation to the greater community and actively encourage tourists and non members to participate.
- To employ key staff that will operate the company in the interests of the Company's long and short term goals.
- To maximize growth in all revenue streams in order to put the Company in a financial position, whereby it can expand.
- To establish long term relationships with the community in order for community support donations to be sustainable.

Meetings of the Directors

The table below provides details of the number of meetings of the board held and the attendance by each of director:

Director	Number of meetings eligible to attend	Number of meetings attended to 30 June 2019
Alan Bolding	12	12
Aldo Sartori	12	12
John Duscher	12	10
John Geyer	12	12
Jason Sartori	12	9
Stephen Scimonello	12	9
Glendon Rielly	12	12
David Brown	12	11
Robert Geyer	12	9
Peter Vick	10	7
James Quilford	2	2

Indemnification of Officer or Auditor

The Company has paid an annual premium to insure the directors and officers against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Contributions on winding up

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up the constitution states that each member is required to contribute a maximum of $20 towards meeting any outstanding obligations of the Company. At 30 June 2019 the total amount that each member of the company is liable to contribute if the Company is wound up is $20.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 of these financial statements.

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

Alan Bolding
Chair

Aldo Sartori
Vice President

Dated this 10th day of September 2019

Leave page blank - Auditor Independence Declaration to be inserted

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	2	8,420,674	8,386,403
Cost of sales		(1,006,487)	(954,009)
Employee benefits expenses		(2,233,574)	(2,200,799)
Depreciation and amortisation expense		(1,263,304)	(1,259,607)
Gaming tax		(1,606,954)	(1,630,056)
Finance costs		(94,596)	(95,043)
Other expenses	3	(2,212,602)	(2,128,771)
Surplus before income tax		**3,157**	**118,118**
Income tax expense	11	(33,098)	(55,730)
(Deficit)/surplus for the year		**(29,941)**	**62,388**
Other comprehensive income, net of income tax			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (deficit)/income for the year		**(29,941)**	**62,388**
(Deficit)/surplus attributable to:			
Members of the Company		(29,941)	62,388
(Deficit)/surplus for the year		**(29,941)**	**62,388**
Total comprehensive (deficit)/income attributable to:			
Members of the Company		(29,941)	62,388
Total comprehensive (deficit)/income for the year		**(29,941)**	**62,388**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	652,700	905,997
Trade and other receivables	5	21,260	9,556
Other assets	6	57,879	118,289
Income tax	11	9,475	
Inventories	7	71,634	57,416
TOTAL CURRENT ASSETS		**812,948**	**1,091,258**
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,759,270	4,808,185
Intangible assets	9	1,912,389	2,358,889
Loan receivable	5	235,073	
TOTAL NON-CURRENT ASSETS		**6,906,732**	**7,167,074**
TOTAL ASSETS		**7,719,680**	**8,258,332**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	627,378	627,165
Income tax	11	-	18,970
Borrowings	12	4,056,260	4,488,673
Provisions	13	253,333	326,050
Other liabilities	14	43,525	26,688
TOTAL CURRENT LIABILITIES		**4,980,496**	**5,487,546**
NON-CURRENT LIABILITIES			
Borrowings	12	105,940	107,273
Provisions	13	10,522	10,850
TOTAL NON-CURRENT LIABILITIES		**116,462**	**118,123**
TOTAL LIABILITIES		**5,096,958**	**5,605,669**
NET ASSETS		**2,622,722**	**2,652,663**
EQUITY			
Retained surplus		2,313,203	2,343,144
General reserve		309,519	309,519
TOTAL EQUITY		**2,622,722**	**2,652,663**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained surplus $	General reserve $	Total $
Balance at 1 July 2017	2,280,756	309,519	2,590,275
Surplus for the year	62,388	-	62,388
Other comprehensive income for the year	-	-	-
Total comprehensive deficit for the year	62,388	-	62,388
Balance at 30 June 2018	2,343,144	309,519	2,652,663
Balance at 1 July 2018	2,343,144	309,519	2,652,663
Deficit for the year	(29,941)	-	(29,941)
Other comprehensive income for the year	-	-	-
Total comprehensive deficit for the year	(29,941)	-	(29,941)
Balance at 30 June 2019	2,313,203	309,519	2,622,722

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		8,424,059	8,365,227
Payments to suppliers and employees		(7,095,733)	(7,014,299)
Income tax (paid)/received		(52,068)	(71,037)
Interest received		1,749	1,132
Finance costs paid		(94,596)	(95,043)
Net cash provided by operating activities	21(b)	**1,183,411**	**1,185,980**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(643,074)	(433,526)
Proceeds for sale of plant and equipment		90	11,671
Payments for intangible assets		(130,620)	(58,500)
Proceeds for sale of intangible assets		5,715	27,500
Net used in investing activities		**(767,889)**	**(452,855)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments of borrowings		(158,962)	(7,649)
Payments for gaming machine entitlements		(274,784)	(226,325)
Advancement of loan		(235,073)	-
Net cash used in financing activities		**(668,819)**	**(233,974)**
Net increase in cash and cash equivalents		(253,297)	499,151
Cash and cash equivalents at beginning of year		905,997	406,846
Cash and cash equivalents at end of year	21(a)	**652,700**	**905,997**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for The Wonthaggi Club as an individual entity, incorporated and domiciled in Australia. The Wonthaggi Club is a not-for-profit company limited by guarantee.

Statement of Compliance
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001.*

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

Basis of Preparation
The financial statements, except the cash flow information, has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

(a) Income Tax
The Company adopts the liability method of tax-effect accounting whereby the income tax expenses is based on the surplus adjusted for any permanent differences.

Non-member income of the Company only is assessable for tax. Member income is excluded under the principle of mutuality.

(b) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

(d) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting discounts received or receivable.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, Plant and Equipment

Plant and equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset.

Depreciation

The depreciable amount of all plant and equipment are depreciated on a reducing balance and straight line method over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation method and rates used for each class of depreciable asset are:

Class of Plant and Equipment	Depreciation rates
Buildings	2.50%
Plant and equipment	7.5% - 40%
Software	33.30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained surplus.

(f) Intangible Assets

Gaming Licences

Intangible assets represent the cost of gaming licences. Gaming licences have been recognised at cost and will be amortised over the term of the licence, being 10 years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Assets

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

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost.

ii. Financial liabilities, including trade and other payables

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (continued)

Derecognition

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

(i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(j) Revenue

Revenue from membership fees is recognised on a straight line basis over the financial year.

Revenue relating to the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

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

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority 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 taxation authority, are presented as operating cash flows.

(l) Leases

Lease payments under operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses on a straight line basis over the period of the lease.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical Accounting Estimates and Judgments

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

Key Estimates

i. Impairment

The Company assesses impairment at each reporting date by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised at the reporting date.

ii. Employee benefits provision

As per Note 1(i), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

iii. Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(n) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
(ii) it is held primarily for the purpose of trading; or
(iii) it is expected to be realised within twelve months after the reporting period; or
(iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Current and Non-current Classification (continued)

A liability is current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or

(iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(o) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(p) Working capital deficiency

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2019 the Company had a working capital deficiency of $4,167,548 (2018: $4,396,288) predominately due to borrowings being classified as a current liability. For the year ended 30 June 2019, the Company recorded a deficit after tax for the year of $29,941, and cash inflows from operating activities of $1,183,411.

The ability of the Company to continue paying its debts as and when they fall due is dependent upon the continued availability of sufficient financing facilities, in addition to its ability to generate operating profit and cash flows as forecasted. The directors believe that it is appropriate to prepare the financial statements on a going concern basis. This basis has been adopted as the Company has examined its projected cash flow forecasts and profits generated from operations and are of the opinion that they will continue to receive the support of their financiers.

	Note	2019 $	2018 $
NOTE 2: REVENUE			
Revenue from operating activities			
- Gaming revenue		5,462,526	5,577,020
- Sale of goods and services		2,758,697	2,582,182
- Interest received		1,749	1,132
- Membership fees		64,024	69,664
- Other operating income		133,678	148,461
- Gain on disposal of plant and equipment		-	7,944
		8,420,674	8,386,403

NOTE 3: SURPLUS BEFORE INCOME TAX

Surplus before income tax is arrived at after taking into consideration the following expenses:

	Note	2019 $	2018 $
Cleaning		(102,307)	(108,111)
Entertainment and promotions		(383,705)	(424,385)
Insurance		(78,051)	(70,121)
Utilities		(196,011)	(205,672)
Repairs & maintenance		(89,849)	(126,443)
Security		(53,188)	(34,814)
Gaming fees		(302,215)	(295,304)
Other		(1,007,276)	(863,921)
		(2,212,602)	(2,128,771)

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2019 $	2018 $
Cash at bank		562,282	782,557
Cash on hand		90,418	123,440
Total cash and cash equivalents	15	652,700	905,997

NOTE 5: TRADE AND OTHER RECEIVABLES

	Note	2019 $	2018 $
Current			
Trade receivables		13,917	9,556
Loan receivable		6,000	-
Other receivables		1,343	-
Total current trade and other receivables		21,260	9,556
Non-current			
Loan receivable		235,073	-
Total current trade and other receivables	15	256,333	9,556

	Note	2019 $	2018 $
NOTE 6: OTHER ASSETS			
Prepayments		57,879	43,483
Gaming Entitlements deposit		-	74,806
		57,879	118,289
NOTE 7: INVENTORIES			
At cost			
Bar stock		40,959	30,768
Catering stock		20,438	15,882
Other		10,237	10,766
		71,634	57,416
NOTE 8: PROPERTY, PLANT & EQUIPMENT			
Land:			
At cost		300,000	300,000
Buildings:			
At cost		5,388,702	5,225,432
Accumulated depreciation		(1,967,270)	(1,704,718)
		3,421,432	3,520,714
Total land and buildings		3,721,432	3,820,714
Plant and equipment			
At cost		3,677,252	3,408,330
Accumulated depreciation		(2,736,880)	(2,504,118)
		940,372	904,212
Software			
At cost		381,261	436,666
Accumulated depreciation		(283,795)	(353,407)
		97,466	83,259
Total property, plant and equipment		4,759,270	4,808,185

NOTE 8: PROPERTY, PLANT & EQUIPMENT (Continued)

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	Buildings	Plant and equipment	Software	Total
	$	$	$	$	$
2019					
Balance at beginning of the year	300,000	3,520,714	904,212	83,259	4,808,185
Additions	-	167,950	387,807	87,317	643,074
Disposals	-	-	(90)	-	(90)
Depreciation	-	(267,232)	(351,557)	(73,110)	(691,899)
Balance at end of the year	300,000	3,421,432	940,372	97,466	4,759,270
2018					
Balance at beginning of the year	300,000	3,792,294	895,226	72,455	5,059,975
Additions	-	-	359,844	73,682	433,526
Depreciation	-	(271,580)	(350,858)	(62,878)	(685,316)
Balance at end of the year	300,000	3,520,714	904,212	83,259	4,808,185

The land and buildings are encumbered by a first mortgage (refer to Note 12).

	Note	2019 $	2018 $

NOTE 9: INTANGIBLE ASSETS

		2019 $	2018 $
Gaming Entitlements			
At cost		5,803,606	5,687,076
Accumulated depreciation		(3,891,217)	(3,328,187)
Total intangible assets		1,912,389	2,358,889

Movements in Carrying Amounts

Movement in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year:

	Gaming Entitlements $	Total $
2018		
Balance at beginning of the year	2,905,907	2,905,907
Additions	58,500	58,500
Disposals	(31,227)	(31,227)
Amortisation	(574,291)	(574,291)
Balance at end of the year	2,358,889	2,358,889
2019		
Balance at beginning of the year	2,358,889	2,358,889
Additions	130,620	130,620
Disposals	(5,715)	(5,715)
Amortisation	(571,405)	(571,405)
Balance at end of the year	1,912,389	1,912,389

NOTE 10: TRADE AND OTHER PAYABLES

	Note	2019 $	2018 $
Current			
Unsecured liabilities			
Trade payables		243,791	290,748
GST payable		143,525	148,490
Accrued expenses		240,062	187,927
Total trade and other payables	15	627,378	627,165

NOTE 11: INCOME TAX

	2019 $	2018 $
The prima facie income tax on surplus before income tax is reconciled to the income tax as follows:		
Prima facie tax expense on surplus before income tax at 27.5% (2017 27.5%):	868	32,482
Tax effect of:		
- timing difference between accounting and tax expenses	29,080	45,809
- non taxable income arising from principle of mutuality	3,150	(22,561)
Income tax expense	33,098	55,730
Income tax receivable/(payable)	9,475	(18,970)

	Note	2019 $	2018 $
NOTE 12: BORROWINGS			
Current			
Borrowings - secured (a)		3,909,374	4,065,374
Borrowings - unsecured		45,216	320,000
Lease liabilities		101,670	103,299
		4,056,260	4,488,673
Non-current			
Secured liabilities			
Lease liabilities		105,940	107,273
		105,940	107,273
Total borrowings	15	4,162,200	4,595,946

Additional information relating to borrowings

(a) The company has a total loan facility of $4,346,374 with various facility terms varying from 5 months to 10 years and 10 months from the date of initial drawdown (being 2016). The facility is secured via a registered mortgage over land and buildings and a mortgage debenture over assets and undertaking of the company, as well as a general charge over the liquor license and a general security agreement over all present and after acquired property. The loan has been classified as current as the Company is in breach of its bank covenants as at 30 June 2019, and consequently does not have an unconditional right to defer payment.

	2019	2018
NOTE 13: PROVISIONS		
Current		
Annual leave	154,986	224,888
Long service leave	98,347	101,162
	253,333	326,050
Non-current		
Long service leave	10,522	10,850
Total provisions	263,855	336,900

	2019	2018
NOTE 14: OTHER LIABILITIES		
Revenue received in advance	43,526	26,688

NOTE 15: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, short-term deposits and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Cash and cash equivalents	4	652,700	905,997
Trade and other receivables	5	256,333	9,556
Total Financial Assets		909,033	915,553
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	10	627,378	627,165
Borrowings	12	4,162,200	4,595,946
Total Financial Liabilities		4,789,578	5,223,111

NOTE 16: RELATED PARTY TRANSACTIONS

Related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP individually or collectively with their close family members. Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

There were no related party transactions in the year ended 30 June 2019 (2018: $nil).

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2019 $	2018 $
Total compensation paid to KMP	-	-

	Note	2019 $	2018 $

NOTE 18: LEASING COMMITMENTS

Operating Lease Commitments

		2019	2018
Payable - minimum lease payments			
- not later than one year		193,044	202,856
- later than one year and not later than five years		2,695,121	2,639,837
- greater than five years		-	-
Present value of minimum lease payments		2,888,165	2,842,693

The commitments disclosed include commitments for gaming machine monitoring, service fees and future gaming machine entitlements. The calculation has been based on the current number of gaming machines. If the number of gaming machines changes, the future commitment will also change.

NOTE 19: CONTINGENT LIABILITIES

There are no contingent liabilities at reporting date (2018: $nil).

NOTE 20: EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 21: NOTES TO THE STATEMENT OF CASH FLOWS

(a) *Reconciliation of cash and cash equivalents*

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

		2019	2018
Cash at bank		562,282	782,557
Cash on hand		90,418	123,440
Total cash and cash equivalents		652,700	905,997

(b) *Reconciliation of cash flows from operations with surplus for the year*

		2019	2018
(Deficit)/surplus for the year		(29,941)	62,388
Non-cash flows in (deficit)/surplus for the year			
(Profit)/Loss on disposal of plant and equipment		-	(7,944)
Depreciation and amortisation expense		1,263,304	1,259,607
Changes in assets and liabilities:			
Decrease in trade and other receivables		(11,703)	971
Decrease/(Increase) in inventories		(14,218)	21,467
(Increase)/Decrease in other assets		60,410	(118,289)
(Decrease)/Increase in income tax payable		(28,446)	(15,307)
(Decrease) in trade and other payables		213	(13,940)
(Decrease) in income in advance		16,837	(13,071)
Increase in provisions		(73,045)	10,098
		1,183,411	1,185,980

NOTE 22: COMPANY DETAILS

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

16 McBride Avenue
WONTHAGGI VIC 3995

DIRECTOR'S DECLARATION

In accordance with a resolution by the directors of The Wonthaggi Club, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 23, are in accordance with the *Corporations Act 2001* and:

    a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

    b. Give a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance for the financial year ended on that date; and

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Alan Bolding
Chair

Aldo Sartori
Vice President

Dated this 10th day of September 2019.

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Independent Auditor's Report to the Members of The Wonthaggi Club

Opinion

We have audited the financial report of The Wonthaggi Club (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Wonthaggi Club is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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.

Crowe

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Vic

CROWE VIC

GORDON ROBERTSON
Partner

Dated at Warragul this 26th day of September 2019