

THE WONTHAGGI CLUB
ABN 59 004 154 045

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

THE WONTHAGGI CLUB

ABN 59 004 154 045

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2021.

Directors

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

Director	Role	Appointment date for current term
Alan Bolding	President	8/12/2020
Aldo Sartori	Vice President	10/9/2019
John Duscher	Treasurer	10/9/2019
John Geyer	Director	8/12/2020
Jason Sartori	Director	8/12/2020
Stephen Scimonello	Director	8/12/2020
Matthew Donohue	Director	10/9/2019
David Brown	Director	10/9/2019 (deceased 12/9/2020)
Michael Scott	Director	10/9/2019
Peter Vick	Director	8/12/2020
Trevor Teer	Director	8/12/2020

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 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 to members.
- Entertainment and hospitality products and services to the community.
- Distributions to the community at regular intervals.
- Turnover, cash flows and profit to meet the financial objectives of the company.

The company's long term objectives are, in addition to the continued short term objectives, that the company provide 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 the product mix, asking 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 short and long term goals.
- To maximise 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.

Impact of COVID-19 pandemic

As disclosed in Note 22 to the financial statements, the operations for the financial year ended 30 June 2021 have been significantly impacted by the COVID-10 pandemic and the resulting restrictions for multiple periods throughout the financial year.

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DIRECTORS' REPORT (continued)

Meeting of the directors

The number of meeting of directors held during the year and the number of meetings attended by each director, is as follows:

Director	Number of meetings eligible to attend	Number of meetings attended to 30 June 2021
Alan Bolding	11	10
Aldo Sartori	11	10
John Duscher	11	11
John Geyer	11	9
Jason Sartori	11	11
Stephen Scimonello	11	10
Matthew Donohue	11	10
David Brown	2	1
Michael Scott	11	11
Peter Vick	5	4
Trevor Teer	5	5

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, the details of the premium are confidential.

Proceedings on behalf of the company

No person has applied for leave or 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.

Contribution in winding up

The company is incorporated under the *Corporations Act 2001* and is a public company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2021, the total amount that members of the company are liable to contribute if the company is wound up is \$7,930 (2020: \$8,720).

Auditor's independence declaration

A copy of the auditor's independence declaration as required by Section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been obtained as set out on page 4 of the financial report.

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



Alan Bolding
President



John Duscher
Treasurer

30 August 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS
COMMISSION ACT 2012**

TO THE DIRECTORS OF THE WONTHAGGI CLUB

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

CARDELL ASSURANCE & AUDIT



Lyndal J. McKenzie
Registered Company Auditor
3A Billson Street
WONTHAGGI VIC 3995

28 August 2021

THE WONTHAGGI CLUB

ABN 59 004 154 045

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 \$	2020 \$
Continuing operations			
Revenue	2	6,817,867	7,431,697
Cost of sales		(840,989)	(964,426)
Employee benefits expense		(2,251,464)	(2,318,510)
Depreciation expense	11	(696,439)	(742,546)
Amortisation expense	10	(570,810)	(571,410)
Gaming tax		(994,861)	(1,235,814)
Finance costs		(202,753)	(210,567)
Other expenses	3	(1,382,878)	(1,895,475)
Deficit before income tax		(122,327)	(507,051)
Income tax expense	4	33,098	-
Deficit for the year		(89,229)	(507,051)
Other comprehensive income			
Other comprehensive income, net of income tax		-	-
Total comprehensive income attributable to members		(89,229)	(507,051)

The accompanying notes form part of the financial report.

THE WONTHAGGI CLUB

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,387,646	608,340
Trade and other receivables	6	100,643	226,515
Loans receivable	9	6,000	6,000
Other assets	7	1,505	1,474
Income tax receivable	4	41,372	32,619
Inventories	8	51,676	57,191
TOTAL CURRENT ASSETS		1,588,842	932,139
NON-CURRENT ASSETS			
Property, plant & equipment	11	4,114,104	4,345,008
Intangible asset	10	3,251,965	3,822,775
Right-of-use assets	18	1,247,000	1,310,000
Loans receivable	9	458,800	264,800
TOTAL NON-CURRENT ASSETS		9,071,869	9,742,583
TOTAL ASSETS		10,660,711	10,674,722
CURRENT LIABILITIES			
Trade and other payables	12	797,429	446,432
Short term borrowings	13	3,785,914	3,961,287
Right-of-use lease liabilities	19	63,000	63,000
Short term employee entitlements	14	262,369	275,914
Other liabilities	15	25,806	2,136
TOTAL CURRENT LIABILITIES		4,934,518	4,748,769
NON-CURRENT LIABILITIES			
Long term borrowings	13	19,438	66,580
Right-of-use lease liabilities	19	1,184,000	1,247,000
Long term employee entitlements	14	14,517	14,906
Future EGM entitlement liability	23	2,481,796	2,481,796
TOTAL NON-CURRENT LIABILITIES		3,699,751	3,810,282
TOTAL LIABILITIES		8,634,269	8,559,051
NET ASSETS		2,026,442	2,115,671
MEMBERS FUNDS			
Retained earnings		1,716,923	1,806,152
General reserve		309,519	309,519
TOTAL MEMBERS FUNDS		2,026,442	2,115,671

The accompanying notes form part of the financial report.

THE WONTHAGGI CLUB
ABN 59 004 154 045
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Retained Surplus \$	General Reserve \$	Total \$
Balance at 1 July 2019	2,313,203	309,519	2,622,722
Deficit for the year	(507,051)	-	(507,051)
Balance at 30 June 2020	1,806,152	309,519	2,115,671
Deficit for the year	(89,229)	-	(89,229)
Balance at 30 June 2021	1,716,923	305,519	2,026,442

The accompanying notes form part of the financial report.

THE WONTHAGGI CLUB

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Inflows/ (Outflows) \$	2020 Inflows/ (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and members		6,571,586	7,610,896
Receipts from government COVID-19 support		991,242	259,158
Payments to suppliers and employees		(5,614,043)	(7,246,233)
Income tax (paid) / received		24,345	(23,144)
Interest received		1,998	899
Finance costs paid		(202,753)	(210,567)
Net cash provided by operating activities	20	1,772,375	391,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		(519,579)	(328,284)
Proceeds from sale of plant and equipment		-	-
Payment for intangible assets		-	-
Proceeds from sale of intangible assets		-	-
Net cash used in investing activities		(519,579)	(328,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of borrowings		(222,515)	(134,333)
Payment for gaming machine entitlements		-	-
Advancement of loan		(200,000)	(32,727)
Receipt of loan repayments		6,000	3,000
Net cash used in financing activities		(416,515)	(164,060)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		836,281	(101,335)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		551,365	652,700
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	1,387,646	551,365

The accompanying notes form part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue on 30 August 2021 by the directors of the company.

Basis of preparation

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. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals 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. All amounts are presented in Australian dollars, rounded to the nearest dollar, unless otherwise stated.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Accounting policies

(a) Income tax

The company adopts the liability method of tax-effect accounting where the income tax expense is based on the surplus adjusted for any permanent differences.

Only non-member income 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, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(c) Trade and other receivables

Accounts receivable and other debtors include amounts due from customers for events, services and goods sold in the ordinary course of business. 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.

Accounts receivable are initially measured at fair value and subsequently measured 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.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Land is not depreciated.

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Depreciation

The depreciable amount of all fixed assets, including buildings, is depreciated on a reducing balance and straight line method over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates and methods used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Buildings	2.5%
Plant and equipment	7.5 – 40%
Software	33.3%

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

(f) Intangible assets

Gaming licences

Intangible assets represent the cost of gaming licences. Gaming licences have been recognised as cost and are 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 asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

(g) Impairment of assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

(h) Accounts payable and other payables

Accounts payable and other payables represent liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Employee entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements 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 entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied for all leases, except short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the asset (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) *Lease liabilities*

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the lease payments.

iii) *Short term leases and leases of low value assets*

The short-term lease recognition exemption is applied to all short term leases (i.e., those leases that has a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight -line basis over the lease term.

(k) Financial Instruments

Initial recognition and measurement

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

Financial assets 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

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into amortised costs.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss (FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest in the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The entity's cash and cash equivalents, trade and most receivables fall into this category of financial instrument.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of financial assets

AASB9's impairment requirements use more forward looking information to recognise expected credit losses – the Expected Credit Loss (ECL) model. The entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flow of the instrument. Measure of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Derecognition

Financial assets are derecognised where the contractual right 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 discharged, cancelled or expire. The difference between the carrying amount 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.

(l) Revenue

Revenue arises mainly from the sale of goods and services.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time when (or as) the entity satisfies performance obligations by transferring the promised goods and services to the customer. Revenue from the sale of goods and rendering of a service are recognised as revenue when received.

Other income is recognised as revenue when received.

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

(m) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included within other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows, included in receipt from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Critical accounting estimates and judgements**

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

1. Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the relevant asset is reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised at the reporting date.

2. Employee entitlements provision

As part Note 1(i) the liability for employee entitlements 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 future interest rates and pay increases are taken into account.

3. 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 and some other event. The depreciation and amortisation charge will increase in the future where the useful lives are less than the previously estimated lives, or technically obsolete or non-strategic assets have been abandoned or sold will be written off or written down.

(o) **Changes in accounting policies**

There has been no significant change in accounting policy during the financial year.

Any new, revised or amending Australian 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 2021 the company had a working capital deficiency of \$3,345,676 (2020: \$3,816,630) predominantly due to borrowings being classified as a current liability. For the year end 30 June 2021, the company recorded a deficit after tax of \$89,229; however, the cash inflows from operating activities were \$1,772,375.

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 profits 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 the will continue to receive the support of their financiers.

THE WONTHAGGI CLUB

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 2: REVENUE		
Revenue from operating activities		
Gaming revenue	3,467,072	4,219,520
Sale of goods and services	2,342,823	2,576,078
Interest received	1,998	899
Membership fees	75,817	70,007
Other operating income	112,543	132,407
JobKeeper income received	756,614	332,786
COVID-19 Cash Flow Boost received	-	100,000
COVID-19 State Government Business Support	61,000	-
	6,817,867	7,431,697

NOTE 3: OTHER EXPENSES

Cleaning	78,069	98,285
Entertainment and promotions	173,788	328,495
Insurance	106,944	95,680
Utilities	165,144	209,609
Repairs & maintenance	74,711	90,296
Security	32,450	53,429
Gaming fees	144,272	237,665
Other operating expenses	553,456	782,016
Write off assets	54,044	-
Total other expenses	1,382,878	1,895,475

NOTE 4: INCOME TAX

The prima facie income tax on deficit before income tax is reconciled to the income tax expense as follows:

Prima facie tax expense/(benefit) on deficit before income tax at 26% (2020: 27.5%)	(31,805)	(139,439)
Adjust for the tax effect of:		
- Timing difference between accounting and tax expenses	(4,721)	2,888
- Non-taxable income arising from principle of mutuality	(26,973)	37,151
- Carry forward tax losses	63,499	99,400
- Recoupment of income tax paid in 2019	(33,098)	-
Income tax expense	(33,098)	-

Income tax (receivable) / payable

Represented by:

- June 2020 instalment payable	-	2,399
- 2020 income tax instalment paid to be refunded	(8,274)	-
- Income tax refundable	(33,098)	(35,018)
Income tax (receivable) / payable	(41,372)	(32,619)

At 30 June 2021 the company has \$485,322 (tax effect of \$126,184 at 26%) of carry forward tax losses representing losses incurred for the 2020 and 2021 financial years. This has not been recognised as a deferred tax asset given the recognition criteria has not been met.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	1,255,024	572,020
Cash on hand	132,622	36,320
	1,387,646	608,340
NOTE 6: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	25,396	1,623
Cash Flow Boost receivable	-	50,000
JobKeeper income receivable	-	123,628
GST receivable	-	192
Other receivables	75,247	51,072
Less provision for impairment loss	-	-
	100,643	226,515
NOTE 7: OTHER ASSETS		
Prepayments	1,505	1,474
	1,505	1,474
NOTE 8: INVENTORIES		
At cost		
Bar stock	27,418	32,701
Catering stock	12,405	12,940
Other	11,853	11,550
	51,676	57,191
NOTE 9: LOANS RECEIVABLE		
Current loans receivable	6,000	6,000
Non-current loans receivable	458,800	264,800
	464,800	270,800
NOTE 10: INTANGIBLE ASSETS		
Gaming entitlements valid until 15 August 2022		
At cost	5,672,985	5,672,985
Accumulated amortisation	(5,033,437)	(4,462,627)
Written down value	639,548	1,210,358
Gaming entitlements valid from 16 August 2022 for 10 years	2,612,417	2,612,417
Total intangible assets	3,251,965	3,822,775
Movements in carrying amounts		
Balance at beginning of the year	3,822,775	4,394,185
Amortisation	(570,810)	(571,410)
Balance at end of the year	3,251,965	3,822,775

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 11: PROPERTY, PLANT & EQUIPMENT		
Land at cost	300,000	300,000
Buildings at cost	5,821,422	5,478,241
Accumulated depreciation	(2,574,871)	(2,246,305)
	3,246,551	3,231,936
Total land and buildings	3,546,551	3,531,936
Plant and equipment at cost	3,640,501	4,255,950
Accumulated depreciation	(3,072,948)	(3,442,878)
Total plant and equipment	567,553	813,072
Total property, plant and equipment	4,114,104	4,345,008

Movements in carrying amount of Property, Plant & Equipment

	Land	Buildings	Plant & Equipment	Total
Balance at beginning of year	300,000	3,231,936	813,072	4,345,008
Additions	-	349,485	170,094	519,579
Depreciation expense	-	-	(54,044)	(54,044)
Disposal of assets	-	(334,870)	(361,569)	(696,439)
Balance at end of year	300,000	3,246,551	567,553	4,114,104

The land and buildings are encumbered by a first mortgage (refer to Note 13).

	2021 \$	2020 \$
NOTE 12: TRADE AND OTHER PAYABLES		
Current		
<i>Unsecured</i>		
Trade payables	361,658	209,211
GST payable	158,954	-
Accrued expenses	276,817	180,246
<i>Secured</i>		
Bank overdraft	-	56,975
	792,429	446,432

THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 13: BORROWINGS		
Current		
Borrowings – secured (a)	3,694,303	3,809,574
Borrowings – unsecured	27,562	41,344
Lease liabilities – secured	64,049	110,369
	3,785,914	3,961,287
Non-current		
Lease liabilities – secured	19,438	66,580
Total borrowings	3,805,352	4,027,867

(a) The company has a total loan facility of \$3,849,963 with a number of facility terms varying from 5 months to 10 years and 10 months from the date of initial drawdown (being 2016). In addition, the company has received COVID-19 deferred repayment relief of \$289,000.

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 covenant as at 30 June 2021, and consequently does not have an unconditional right to defer payment.

	2021 \$	2020 \$
NOTE 14: EMPLOYEE ENTITLEMENTS		
Current		
Annual leave	158,024	177,025
Long service leave	104,345	98,889
	262,369	275,914
Non-current		
Long service leave	14,517	14,906
Total employee entitlements	276,886	290,820

NOTE 15: OTHER LIABILITIES

Subscriptions received in advance	25,806	2,136
	25,806	2,136

NOTE 16: 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).

Phone allowance paid to President	1,200	1,200
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NOTE 17: 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 2021 (2020: Nil).

THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 18: RIGHT OF USE ASSETS		
Wonthaggi Golf Clubhouse	1,216,667	1,266,667
McBride Avenue office	30,333	43,333
Total right-of-use assets	1,247,000	1,310,000

Movement in carrying amounts for each right-of-use asset between the beginning and the end of the current financial year:

	Clubhouse	Office
Balance at the beginning	1,266,667	43,333
Expensed	(50,000)	(13,000)
Balance at the end of the financial report	1,216,667	30,333

	2021 \$	2020 \$
NOTE 19: RIGHT-OF-USE LIABILITIES		
CURRENT		
Wonthaggi Golf Clubhouse	50,000	50,000
McBride Avenue office	13,000	13,000
	63,000	63,000
NON-CURRENT		
Wonthaggi Golf Clubhouse	1,166,667	1,216,667
McBride Avenue office	17,333	30,333
	1,184,000	1,247,000
Total right-of-use lease liabilities	1,247,000	1,310,000

NOTE 20: NOTES TO THE STATEMENT OF CASH FLOWS

Cash and cash equivalents in the statement of cash flows is reconciled to the cash and cash equivalents per the Statement of Financial Position:

Cash at bank	1,255,024	572,020
Cash on hand	132,622	36,320
Bank overdraft	-	(56,975)
Total cash and cash equivalents	1,387,646	551,365

Reconciliation of cash flows from operating activities with deficit for the year:

Operating deficit for the year	(89,229)	(507,051)
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Non-cash flows in operating deficit:

Depreciation and amortisation expense	1,267,249	1,313,956
Write-off of assets	54,044	-

Change in assets and liabilities:

(Increase) / decrease in trade and other receivables	125,872	(211,255)
(Increase) / decrease in inventories	(8,753)	14,443
(Increase) / decrease in other assets	(31)	56,405
Increase / (decrease) in income tax receivable	5,515	(23,144)
Increase / (decrease) in trade and other payables	407,972	(237,921)
Increase / (decrease) in income in advance	23,670	(41,389)
(Increase) / (decrease) in employee provisions	(13,934)	26,965
Net cash provided by operating activities	1,772,375	391,009

THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

NOTE 21: 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 AASB139 as detailed in the accounting policies to this financial report, are as follows:

	2021 \$	2020 \$
Financial assets		
Cash and cash equivalents	1,255,024	572,020
Trade and other receivables	100,643	226,515
Loans receivable	464,800	270,800
Total financial assets	1,820,467	1,069,335
Financial liabilities		
Trade and other payables (at amortised cost)	638,475	389,457
Bank overdraft	-	56,975
Borrowings	3,805,352	4,027,867
Future EGM entitlement liability	2,481,796	2,481,796
Total financial liabilities	6,925,623	6,956,095

NOTE 22: IMPACT OF COVID-19 PANDEMIC

In March 2020, a global pandemic for COVID-19 coronavirus was declared by the World Health Organisation. As a result, the Australian Federal Government announced financial stimulus packages, including the ATO *Cash Flow Boost* and *JobKeeper*.

The company was entitled to \$100,000 of *Cash Flow Boost* which was recognised as income in the 2019-20 financial year.

The company was also entitled to participate in the *JobKeeper* scheme. The total *JobKeeper* income received from July 2020 to March 2021 when the scheme ended was \$756,614.

The company also received a total of \$61,000 from the State Government in Business Support Funding.

The impact of COVID-19 for the 2019-20 financial year has been significant. During the financial year the business has been heavily restricted under an order of the Victorian Chief Health Officer.

There has been limited access to both clubhouses, and specifically the club had to cease operating as a gaming venue and to cease provide food and beverages on the premises during four "lockdown" events throughout the year. The business continued with ongoing trading restrictions outside of these times. Lockdown restrictions are still in place at the date of this report.

The financial impact of the restrictions has been significant and are summarised below:

- Approximately \$2.1m reduced income from gaming versus 2 years prior
- Approximately \$1.1m in reduced income from food & beverage versus 2 years prior
- Financial assistance has been provided for the financial year as noted above

The greatest impact has been in the retention of valued employees. As at the date of this report, due to the current restrictions more than 90% of staff are suffering loss of more than 50% of his/her normal/usual hours of work.

The company has not yet quantified the impact on the 2021/22 financial year due to the continued trading restrictions in place at the date of this report.

THE WONTHAGGI CLUB

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
NOTE 23: FUTURE EGM ENTITLEMENT LIABILITY	\$	\$
83 EGM entitlements: valid from 16 August 2022 for 10 years	2,612,417	2,612,417
Less initial deposit paid in 2019	(130,621)	(130,621)
Remaining liability	2,481,796	2,481,796
Per general ledger:		
Current		-
Non-current	2,481,796	2,481,796
Total balance	2,481,796	2,481,796

The company has entered into a contract with the State of Victoria to renew the existing electronic gaming machine (EGM) entitlements from 16 August 2022 from the time when the existing gaming machine entitlements expire on 15 August 2022. The total amount payable for the EGM entitlements is \$2,612,417, of which \$130,621 has been paid as a total of 5% deposit per the contract in the 2018/19 financial year.

The remaining balance of \$2,481,796 will be due for payment when the EGM entitlements commence in August 2022. This amount can either be paid as a lump sum at this point in time, or via instalments until August 2029. Should the company choose to pay the balance via instalments, interest will be payable quarterly calculated based on the Commonwealth bond rate, currently 0.84%. The company may choose to pay the outstanding balance of the EGM entitlements at any time after August 2022.

NOTE 24: CAPITAL COMMITMENTS

At the date of this report the Board has entered into a contract with Wonthaggi Golf Club to lease a parcel of land for future expansion, at a cost of \$70,000 per annum. This lease is for 25 years, conditional upon Wonthaggi Golf Club gaining planning permission within 24 months to allow for future expansion.

NOTE 25: CONTINGENT LIABILITIES

At the date of this report there are no contingent liabilities identified by the Board.

NOTE 26: EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period requiring disclosure (refer to Note 22 regarding the impact of the COVID-19 pandemic).

NOTE 27: MEMBER GUARANTEE

The company is limited by guarantee. If the company is wound up, the constitution of the company states that each member is required to contribute a maximum of \$10 toward meeting any outstanding obligations of the company while he or she is a member or within one year afterward. As at 30 June 2021 the number of members was 793 (2019: 872).

NOTE 28: COMPANY DETAILS

The registered office and principal place of business is:

The Wonthaggi Club
16 McBride Avenue
WONTHAGGI VIC 3995

THE WONTHAGGI CLUB

ABN 59 004 154 045

DIRECTORS' DECLARATION

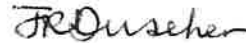
In accordance with a resolution by the directors of The Wonthaggi Club, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 20 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) gives a true and fair view of the financial position of the company as at 30 June 2021 and of its financial 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
President



John Duscher
Treasurer

30 August 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE WONTHAGGI CLUB**

Opinion

We have audited the financial report of The Wonthaggi Club, which comprises the Statement of Financial Position as at 30 June 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes to the financial statements comprising a summary of significant accounting policies and other explanatory information, 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 2021 and of its performance for the year then ended; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 1q in the financial report, which indicates that the company incurred a net loss after tax of \$89,229 during the year ended 30 June 2021, and as at that date, the company's current liabilities exceeded its current assets by \$3,345,676. As stated in Note 1q, these events or conditions, along with other matters as set forth in Note 1q, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independence

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 Standard 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 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 the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility 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 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 the users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism through the audit. The audit involves us:

- Identifying and assessing the risk of material misstatement of the financial report, whether due to fraud or error, designing and performing audit procedures responsive to those risks, obtaining 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.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluding on the appropriateness of 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 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.
- Evaluating the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable, related safeguards.

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 2021, other than 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 there.

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 the fact. We have nothing to report in this regard.

CARDELL ASSURANCE & AUDIT



Lyndal J. McKenzie
Registered Company Auditor
3A Billson Street
WONTHAGGI VIC 3995

7 September 2021