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The Wonthaggi Club  
**ANNUAL  
REPORT**



# The Wonthaggi Club

## President's Report 2023

Another year has passed and after 13 years in the chair they seem to be going faster. With a full year of normal trading, we have had a very successful year with a profit of \$104,531, Mr Scott will give more details in the Treasurer's report. Our Executive Chef retired during the year, thanks to Rakesh for getting us through some turbulent times, we wish him well in his new career. Following this we appointed a Head Chef for each Venue throughout the year, welcome Rob Stenson to the role at McBride, and congratulations to Tim Beveridge now in the top job at The Clubhouse.

Our relationship with the Wonthaggi Golf Club is still strong, with the Golf Club members voting to pursue an amalgamation of the two clubs. A dedicated sub committee made up of members of both clubs continue to work towards making this happen.

The Club continues our relationship with the Mercury Group who will continue to help us with our gaming, marketing and promotions. Some of our Directors and staff were able to attend the Mercury tours to Brisbane and Sydney this year and learnt a lot about future innovations in our industry.

Socially active again the Club continues to provide activities to our members, once again Christmas lunch was a huge success with members and their families enjoying some great food. The 100 Club gala night was held at The Clubhouse and a great evening was had with lots of laughter, activities and some taking home a slice of the profits. Lots of band nights were held across both venues and the six-ounce lunches started up again.

This year The Club has made cash and in-kind donations exceeding \$55,000, as well as member benefits of \$250,000. In addition to the donated use of the bus, the marquee and our participation in and coordination of community events. Major donations went to Wonthaggi Power Football & Netball Club, Wonthaggi Club Cricket Club, Kilcunda Bass Football Netball Club, Dalyston Football Netball Club, Wonthaggi Bowls Club, Loch Bowls Club, Wonthaggi Rotary, Wonthaggi Citizen's Band, Wonthaggi Pony Club and the Bass Coast Breakers women's football team.

Membership has grown to 3,710 members including 700 effective members.

I would at this time like to take this opportunity on behalf of the Club to thank retiring Board member and Vice President, Aldo Sartori. Aldo is a Club life member and has been on the Board for 17 years. He has been a huge help to me as my Vice President always having my back and offering words of wisdom where needed. Thank you Aldo.

Sadly we said farewell to effective members Mrs Wendy Adams, Mr John Alcock, Ms Ketha Bird, Mr Aldo Brusamarello, Mrs Elizabeth Cargill, Mr Angelo Chiodo, Mr Garry Clarkson, Mrs Joan Clarkson, Mr Eric Cross, Mr William Finlay, Mrs Dorothy Fitzgerald, Mr Kevin Hales, Mrs Dorothy Hitchings, Mr Graham Jackson, Mr Geoffery Jeremiah, Mr Philip Kinniff, Mr William Finlay, Mr Denis Stanes and Mr Peter Tjepkema. These members will be missed and our condolences go to their loved ones. A huge loss to the Club this year was the passing of John Hedley. John was a life member, former board member and Club President and held the number 1 membership number. Always available to tell a joke or offer some sound advice, we will all miss you John pa.

I would like to take this opportunity to thank our board of directors, thank you for your time and commitment to our Club. Thank you to our management team, Steve, Bree, Rob, Rocky, Mel, Liam, Craig, Anthea and Tim. Also, thank you to Lara for her attendance at the board meetings and her assistance to my role as president and the rest of our great staff for your dedication and effort during the past 12 months.

Alan Bolding

President – The Wonthaggi Club

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# The Wonthaggi Club

## Treasurer's Report 2023

On behalf of the Wonthaggi Club, I present the financial report for the year ended 30<sup>th</sup> June 2023. The full audited report is attached.

It was exciting to finally get through the Covid situation and trade relatively freely for a full financial year. The Hospitality Industry was one of the hardest industries hit during this time and it is a credit to Steve and his Team for leading us out to the other side

To this point, I am excited to announce a trading profit of \$104,531 – Our best result for many years, even pre Covid times – Gaming Revenue again increased as well as revenue generated across both venues Bistro and Bar areas. We welcomed Craig Robb as the Venue Manager of The Clubhouse and Rocky Rinaldi back to McBride as Venue Manager and with the help of Manager Steve's tutelage, both Craig & Rocky have done an excellent job in implementing many new initiatives throughout the year.

It is impossible to compare year on year figures purely due to the affect that the Pandemic had on our Business in the previous financial year. Our revenue exceeded \$10m for the first time (up 35% on the previous year) which is very pleasing. We are hoping that this will continue as we continue to strive to be the towns premier entertainment venues

Throughout the year we diversified some of our strategies and purchased 2 Residential Properties in McKenzie Street, which are currently being rented out and will provide us options going forward

Again, we have consolidated our relationship with the Wonthaggi Golf Club, with an in principal agreement to merge recently agreed upon by both Clubs. We thank all of our Members for entrusting us with this major decision to shape our future going forward

The Wonthaggi Club continues to be heavily involved and connected with our Community. We have generously donated to various Sporting Clubs and Groups throughout the year, exceeding \$55,000. We are now the Major Sponsors of many organisations, including the Wonthaggi Power Football Netball Club, Wonthaggi Club Cricket Club, Wonthaggi Citizens Band, Wonthaggi Breakers and Wonthaggi Pony Club and we look forward to continuing these relationships well into the future. We also thank all of these Clubs members for their ongoing patronage during the year

As well as being heavily invested within our Community, we are also very focussed on providing our Members with the best value for money experience that they can obtain. Over the course of the year, we have provided almost \$250,000 in Members Promotions and Discounts, as well as nearly \$125,000 in Members Entertainment. This all forms part of our Strategic Planning, to be the best Venues for our Members as well as Visitors, holidaying to the area

Our staff have again done a wonderful job, led again by our Manager Steve. Whilst Covid might well be over, it is harder than ever to get good staff into the Industry and Steve and his Team have done an excellent job, ensuring that staffing levels have remained adequate for the business to operate. I would like to thank personally thank Steve for all of his help and assistance throughout the year, along with the Admin Staff of Bree, Trudy & Lara who also make our positions as Directors so much easier

We appreciate your ongoing patronage and support and look forward to the exciting 12 months ahead

Michael Scott

Treasurer - The Wonthaggi Club

EST. 1911

**THE WONTHAGGI CLUB**  
**ABN 59 004 154 045**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

## THE WONTHAGGI CLUB

ABN 59 004 154 045

### DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2023.

#### 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	13/09/2022
Aldo Sartori	Vice President	14/09/2021
Michael Scott	Treasurer	14/09/2021
Jason Sartori	Director	13/09/2022
Stephen Scimonello	Director	13/09/2022
Matthew Donohue	Director	14/09/2021
John Duscher	Director	14/09/2021
Peter Vick	Director	14/09/2021
Trevor Teer	Director	13/09/2022
Les Brewer	Director	13/09/2022
John Geyer	Director	08/12/2020 (retired 13/09/2022)

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.



THE WONTHAGGI CLUB

ABN 59 004 154 045

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 2023
Alan Bolding	12	10
Aldo Sartori	12	10
Michael Scott	12	10
Jason Sartori	12	11
Stephen Scimonello	12	10
Matthew Donohue	12	10
John Duscher	12	10
Peter Vick	12	10
Trevor Teer	12	9
John Geyer	3	2
Les Brewer	9	9

**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 of the 737 members are required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2023, the total amount that members of the company are liable to contribute if the company is wound up is \$7,370 (2022: \$7,950).

**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 2023 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

  
Michael Scott  
Treasurer

28 August 2023



**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 2023 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

**25 August 2023**

THE WONTHAGGI CLUB

ABN 59 004 154 045

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 \$	2022 \$
<b>Continuing operations</b>			
Revenue	2	10,436,938	7,715,036
Cost of sales		(1,257,724)	(751,357)
Employee benefits expense		(3,146,389)	(2,291,965)
Depreciation expense	11	(773,294)	(699,218)
Amortisation expense	10	(300,560)	(566,590)
Gaming tax		(2,198,108)	(1,335,622)
Finance costs		(329,911)	(150,594)
Other operating expenses	3	(2,326,421)	(1,942,986)
<b>Surplus / (deficit) before income tax</b>		<b>104,531</b>	<b>(23,296)</b>
Income tax expense	4	-	(1,805)
<b>Surplus / (deficit) for the year</b>		<b>104,531</b>	<b>(25,101)</b>
<b>Other comprehensive income</b>			
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income attributable to members</b>		<b>104,531</b>	<b>(25,101)</b>

The accompanying notes form part of the financial report.

THE WONTHAGGI CLUB

ABN 59 004 154 045

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	447,253	927,863
Trade and other receivables	6	129,417	170,141
Loans receivable	9	6,000	6,000
Other assets	7	95,910	3,288
Income tax receivable	4	-	-
Inventories	8	92,480	76,148
<b>TOTAL CURRENT ASSETS</b>		<b>771,060</b>	<b>1,183,440</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	11	5,980,077	4,788,909
Intangible asset	10	2,384,815	2,685,375
Right-of-use assets	18	1,424,241	1,184,000
Loans receivable	9	499,800	452,800
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,288,933</b>	<b>9,111,084</b>
<b>TOTAL ASSETS</b>		<b>11,059,993</b>	<b>10,294,524</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,010,703	882,394
Short term borrowings	13	652,849	418,099
Right-of-use lease liabilities	19	66,083	63,000
Short term employee entitlements	14	325,122	265,385
Other liabilities	15	10,496	12,416
Future EGM entitlement liability	22	354,557	2,481,796
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,419,810</b>	<b>4,123,090</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13	3,379,698	3,028,105
Right-of-use lease liabilities	19	1,358,158	1,121,000
Long term employee entitlements	14	23,773	20,988
Future EGM entitlement liability	22	1,772,682	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,534,311</b>	<b>4,170,093</b>
<b>TOTAL LIABILITIES</b>		<b>8,954,121</b>	<b>8,293,183</b>
<b>NET ASSETS</b>		<b>2,105,872</b>	<b>2,001,341</b>
<b>MEMBERS FUNDS</b>			
Retained earnings		1,796,353	1,691,822
General reserve		309,519	309,519
<b>TOTAL MEMBERS FUNDS</b>		<b>2,105,872</b>	<b>2,001,341</b>

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 2023

	Retained Surplus \$	General Reserve \$	Total \$
Balance at 1 July 2021	1,716,923	309,519	2,026,442
Deficit for the year	(25,101)	-	(25,101)
Balance at 30 June 2022	1,691,822	309,519	2,001,341
Surplus for the year	104,531	-	104,531
Balance at 30 June 2023	1,796,353	309,519	2,105,872

The accompanying notes form part of the financial report.

THE WONTHAGGI CLUB

ABN 59 004 154 045

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		2023 Inflows/ (Outflows) \$	2022 Inflows/ (Outflows) \$
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and members		11,509,155	8,081,235
Receipts from government COVID-19 support		-	275,400
Payments to suppliers and employees		(9,892,917)	(6,986,672)
Income tax (paid) / received		-	39,567
Interest received		12,874	10,171
Finance costs paid		(329,911)	(150,594)
<b>Net cash provided by operating activities</b>	20	<b>1,299,201</b>	<b>1,269,107</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of plant and equipment		(1,964,597)	(1,375,742)
Proceeds from sale of plant and equipment		-	-
<b>Net cash used in investing activities</b>		<b>(1,964,597)</b>	<b>(1,375,742)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipt / (repayment) of borrowings		586,343	(359,148)
Advancement of increased loan to Wonthaggi Golf Club		(53,000)	-
Receipt of loan repayments		6,000	6,000
Repayment of EGM entitlement		(354,557)	-
<b>Net cash provided by / (used in) financing activities</b>		<b>184,786</b>	<b>(353,148)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(480,610)</b>	<b>(459,783)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>927,863</b>	<b>1,387,646</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	20	<b>447,253</b>	<b>927,863</b>

The accompanying notes form part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

**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 28 August 2023 by the directors of the company.

**Basis of preparation**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 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 2023

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 leases 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 2023

**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 2023

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 2023 the company had a working capital deficiency of \$1,648,750 (2022: \$2,939,650) with the total current liabilities exceeding current assets at year end. For the year end 30 June 2023, the company recorded a surplus of \$104,531 after tax and recorded cash inflows from operating activities were \$1,299,201.

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

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>NOTE 2: REVENUE</b>		
<b>Revenue from operating activities</b>		
Gaming revenue	6,643,719	4,934,725
Sale of goods and services	3,509,399	2,204,798
Interest received	12,874	10,171
Membership fees	53,074	50,305
Other operating income	162,519	126,882
Rental income	16,903	-
COVID-19 State Government Business Support	-	275,400
Staff training incentives	38,450	112,755
	<b>10,436,938</b>	<b>7,715,036</b>

**NOTE 3: OTHER EXPENSES**

Cleaning	123,380	94,906
Clubhouse lease	119,992	119,992
Consultants	24,513	46,396
Donations and sponsorships	58,440	28,616
Entertainment and promotions	384,531	298,506
Insurance	102,636	123,925
Utilities	225,736	195,796
Repairs & maintenance	106,385	117,411
Security	35,512	33,553
Gaming monitoring expenses	290,686	273,314
Gaming subscriptions and licences	174,020	121,228
Investment property expenses	24,035	-
Other operating expenses	656,420	487,624
Write off assets	135	1,719
<b>Total other expenses</b>	<b>2,326,421</b>	<b>1,942,986</b>

**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 25% (2022: 25%)	26,133	(5,824)
Adjust for the tax effect of:		
- Timing difference between accounting and tax expenses	10,162	(1,671)
- Non-taxable income arising from principle of mutuality	(45,034)	(58,939)
- Carry forward tax losses	8,739	66,434
- Tax expense for amended 2020 income tax return	-	1,805
<b>Income tax expense / (benefit)</b>	<b>-</b>	<b>1,805</b>

At 30 June 2023 the company has \$786,015 (tax effect of \$196,504 at 25%) of carry forward tax losses representing losses incurred for the 2020 to 2023 financial years. This has not been recognised as a deferred tax asset given the recognition criteria has not been met.

THE WONTHAGGI CLUB

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	340,735	807,883
Cash on hand	106,518	119,980
	<b>447,253</b>	<b>927,863</b>
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	15,192	53,877
Other receivables	114,225	116,264
Less provision for impairment loss	-	-
	<b>129,417</b>	<b>170,141</b>
<b>NOTE 7: OTHER ASSETS</b>		
Prepayments	95,910	3,288
<b>NOTE 8: INVENTORIES</b>		
<b>At cost</b>		
Bar stock	67,376	50,826
Catering stock	25,104	25,322
	<b>92,480</b>	<b>76,148</b>
<b>NOTE 9: LOANS RECEIVABLE</b>		
Current loans receivable	6,000	6,000
Non-current loans receivable	499,800	452,800
	<b>505,800</b>	<b>458,800</b>
<b>NOTE 10: INTANGIBLE ASSETS</b>		
<b>Gaming entitlements valid until 15 August 2022</b>		
At cost	5,672,985	5,672,985
Accumulated amortisation	(5,600,027)	(5,600,027)
<b>Written down value</b>	-	<b>72,958</b>
<b>Gaming entitlements valid from 16 August 2022 for 10 years</b>		
At cost	2,612,417	2,612,417
Accumulated amortisation	(227,602)	-
<b>Written down value</b>	<b>2,384,815</b>	<b>2,612,417</b>
<b>Total intangible assets</b>	<b>2,384,815</b>	<b>2,685,375</b>
<b>Movements in carrying amounts</b>		
Balance at beginning of the year	2,685,375	3,251,965
Amortisation	(300,560)	(566,590)
<b>Balance at end of the year</b>	<b>2,384,815</b>	<b>2,685,375</b>

THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
<b>NOTE 11: PROPERTY, PLANT &amp; EQUIPMENT</b>		
Land at cost	300,000	300,000
Buildings at cost	6,595,073	6,576,695
Accumulated depreciation	(3,350,898)	(2,939,739)
	<b>3,244,175</b>	<b>3,636,956</b>
Investment properties at fair value	1,639,532	-
Total land and buildings	<b>5,183,707</b>	<b>3,936,956</b>
Plant and equipment at cost	4,444,123	4,186,372
Accumulated depreciation	(3,647,753)	(3,334,419)
Total plant and equipment	<b>796,370</b>	<b>851,953</b>
Total property, plant and equipment	<b>5,980,077</b>	<b>4,788,909</b>

Movements in carrying amount of property, plant & equipment

	Land	Buildings	Investment Property	Plant & Equipment	Total
Balance at beginning of year	300,000	3,636,956	-	851,953	4,788,909
Additions	-	36,235	1,639,532	288,830	1,964,597
Depreciation expense	-	(429,016)	-	(344,278)	(773,294)
Disposal of assets	-	-	-	(135)	(135)
Balance at end of year	300,000	3,244,175	1,639,532	796,370	5,980,077

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

<b>NOTE 12: TRADE AND OTHER PAYABLES</b>	<b>2023 \$</b>	<b>2022 \$</b>
<b>Current</b>		
<b>Unsecured</b>		
Trade payables	455,804	461,534
GST payable	165,506	158,244
Accrued expenses	389,393	262,616
<b>Secured</b>		
Bank overdraft	-	-
	<b>1,010,703</b>	<b>882,394</b>

THE WONTHAGGI CLUB

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
<b>NOTE 13: BORROWINGS</b>		
<b>Current</b>		
Borrowings – secured (a)	600,835	375,408
Borrowings – unsecured	18,510	9,187
Lease liabilities – secured	33,504	33,504
	<b>652,849</b>	<b>418,099</b>
<b>Non-current</b>		
Borrowings – secured (a)	3,319,667	2,985,017
Borrowings – unsecured	60,031	-
Lease liabilities – secured	-	43,088
	<b>3,379,698</b>	<b>3,028,105</b>
<b>Total borrowings</b>	<b>4,032,547</b>	<b>3,446,204</b>

(a) The company has a total loan balance of \$3,920,502 with the ANZ Bank made up of the following:

- Principal and interest loan with an original balance of \$2,500,000. The balance is \$1,920,502 at 30 June 2023 with a variable interest rate currently at 7.59%. The loan expires in December 2026. This loan has been allocated between current and non-current based on the minimum loan repayments for the next 12 months.
- \$1,200,000 loan with a 1 year interest only term expiring on 9 September 2023 with a variable interest rate currently at 7.44%. The loan then continues for a further 4 years on a principal and interest basis. This loan has been allocated between current and non-current based on the minimum loan repayments for the next 12 months.
- \$800,000 interest only with current interest rate of 6.87% at 30 June 2023. The principal is due for repayment on 23 November 2026. This loan has been classified as non-current.

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.

	2023 \$	2022 \$
<b>NOTE 14: EMPLOYEE ENTITLEMENTS</b>		
<b>Current</b>		
Annual leave	210,846	162,217
Long service leave	114,276	103,168
	<b>325,122</b>	<b>265,385</b>
<b>Non-current</b>		
Long service leave	23,773	20,988
<b>Total employee entitlements</b>	<b>348,895</b>	<b>286,373</b>

**NOTE 15: OTHER LIABILITIES**

Subscriptions received in advance	10,496	12,416
	<b>10,496</b>	<b>12,416</b>



THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
<b>NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION</b>		

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 2023 (2022: Nil).

	2023	2022
	\$	\$
<b>NOTE 18: RIGHT OF USE ASSETS</b>		
Wonthaggi Golf Clubhouse	1,337,500	1,166,667
McBride Avenue office	86,741	17,333
<b>Total right-of-use assets</b>	<b>1,424,241</b>	<b>1,184,000</b>

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	1,166,667	17,333
Extension of existing lease	220,833	83,127
Expensed	(50,000)	(13,719)
<b>Balance at the end of the financial report</b>	<b>1,337,500</b>	<b>86,741</b>

	2023	2022
	\$	\$
<b>NOTE 19: RIGHT-OF-USE LIABILITIES</b>		
<b>CURRENT</b>		
Wonthaggi Golf Clubhouse	50,000	50,000
McBride Avenue office	16,083	13,000
	<b>66,083</b>	<b>63,000</b>
<b>NON-CURRENT</b>		
Wonthaggi Golf Clubhouse	1,287,500	1,116,667
McBride Avenue office	70,658	4,333
	<b>1,358,158</b>	<b>1,121,000</b>
<b>Total right-of-use lease liabilities</b>	<b>1,424,241</b>	<b>1,184,000</b>

THE WONTHAGGI CLUB

ABN 59 004 154 045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 20: NOTES TO THE STATEMENT OF CASH FLOWS

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

	2023 \$	2022 \$
Cash at bank	340,735	807,883
Cash on hand	106,518	119,980
Bank overdraft	-	-
<b>Total cash and cash equivalents</b>	<b>447,253</b>	<b>927,863</b>

- b. Reconciliation of cash flows from operating activities with surplus / (deficit) for the year:

	2023 \$	2022 \$
Operating surplus / (deficit) for the year	104,531	(25,101)
<i>Non-cash flows in operating surplus / (deficit):</i>		
Depreciation and amortisation expense	773,294	699,218
Amortisation expense	300,560	566,590
Write-off of assets	135	1,719
<i>Change in assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	40,724	(69,498)
(Increase) / decrease in inventories	(16,332)	(24,472)
(Increase) / decrease in other assets	(92,622)	(1,783)
Increase / (decrease) in income tax receivable	-	41,372
Increase / (decrease) in trade and other payables	128,309	84,965
Increase / (decrease) in income in advance	(1,920)	(13,390)
(Increase) / (decrease) in employee provisions	62,522	9,487
<b>Net cash provided by operating activities</b>	<b>1,299,201</b>	<b>1,269,107</b>

- c) The company has no credit standby or financing facilities in place.

- d) There were no non-cash financing or investing activities during the year

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 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:

	2023 \$	2022 \$
<b>Financial assets</b>		
Cash at bank	340,735	807,883
Trade and other receivables	12,417	170,141
Loans receivable	505,800	458,800
<b>Total financial assets</b>	<b>858,952</b>	<b>1,436,824</b>
<b>Financial liabilities</b>		
Trade and other payables (at amortised cost)	1,010,703	882,394
Bank overdraft	-	-
Borrowings	4,032,547	3,446,204
Future EGM entitlement liability	2,127,239	3,481,976
<b>Total financial liabilities</b>	<b>7,170,489</b>	<b>7,810,574</b>

## NOTE 22: 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)
Less instalments paid during 2022/23	(354,557)	-
<b>Remaining liability</b>	<b>2,127,239</b>	<b>2,481,796</b>
<b>Per general ledger:</b>		
Current	354,557	2,481,796
Non-current	1,772,682	-
<b>Total balance</b>	<b>2,127,239</b>	<b>2,481,796</b>

The company 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 had been paid as a total 5% deposit per the contract in the 2018/19 financial year.

The remaining balance of \$2,481,796 became due and payable from 16 August 2022. The company entered into a further contract with the State of Victoria for a deferred payment plan requiring quarterly instalments until August 2029. Interest is calculated based on the prevailing Commonwealth bond rate. \$354,557 was repaid during the current financial year.

The balance has been allocated between current and non-current liability at 30 June 2023 based on the agreed repayment arrangements.

**THE WONTHAGGI CLUB**

**ABN 59 004 154 045**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2023**

**NOTE 23: CAPITAL COMMITMENTS**

At the date of this report the Board is in the process of negotiating a contract with the Wonthaggi Golf Club to extend the lease for a parcel of land for future expansion, at a cost of \$70,000 plus GST per annum. The draft terms of the lease allow for 2 years from 1 July 2021 with 3 further options of 10 years from the date of issue of an occupancy permit, with an annual rent review clause.

**NOTE 24: CONTINGENT LIABILITIES**

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

**NOTE 25: EVENTS AFTER THE REPORTING PERIOD**

There have been no events after the reporting period requiring disclosure.

**NOTE 26: FUTURE DEVELOPMENTS**

During the financial year the members of Wonthaggi Golf Club Inc. agreed in principle on a merger of The Wonthaggi Club and Wonthaggi Golf Club Inc. This follows agreement from members of The Wonthaggi Club from back in 2014, to do the same.

The Wonthaggi Club has formed a Merger Working Group together with Wonthaggi Golf Club Inc. This group meets monthly and is charged with working through the regulatory challenges of amalgamation and performing due diligence on the viability and sustainability of a merged entity. The Merger Working Group is also responsible for business planning, strategic planning and government liaison in order to be able to form a well-developed and detailed proposal that can be presented to the members of both clubs for approval.

**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 2023 the number of members was 737 (2021: 795).

**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 21 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards – Simplified Disclosures; and
  - (b) gives a true and fair view of the financial position of the company as at 30 June 2023 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



Michael Scott  
Treasurer

28 August 2023

**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 2023, 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 2023 and of its performance for the year then ended; and
- b. complying with Australian Accounting Standards – Simplified Disclosures 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 1(p) in the financial report, which indicates that at 30 June 2023 the company had a working capital deficiency of \$1,648,750 (2022: \$2,939,650) with the company's current liabilities exceeding current assets at year end. As stated in Note 1(p), these conditions, along with other matters as set forth in Note 1(p), 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 – Simplified Disclosure Standards 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 2023, 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

29 August 2023