

Financial Report

Muswellbrook & District Workers Club Ltd

ABN 55 001 052 526

For the year ended 30 June 2020

Contents

3	Directors' Report
6	Auditor's Independence Declaration
7	Statement of Profit or Loss and Other Comprehensive Income
9	Statement of Financial Position
10	Statement of Changes in Equity
11	Statement of Cash Flows
12	Notes to the Financial Statements
24	Directors Declaration
25	Independent Auditor's Report to the Members

Directors' Report

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2020

Your directors present this report on the company for the financial year ended 30 June 2020.

Directors

The names of directors in office at the date of this report are:

Name	Appointed	Resigned	Qualifications	Board Service
Dorothy Cooper	27-Mar-2014		Retired	4 years
Barry French	26-Feb-2014	17-Oct-2019	Retired	4 years
Marlene Goodwin	17-Sep-2017		Retail Employee	2 years
Julie-Anne Ellem	21-Dec-2017		Chartered Accountant and Chartered Company Secretary	2 years
Timothy Pike	30-Aug-2015		Retired	3 years
Dennis Sheehan	17-Dec-2013		Retired	5 years
Brian Young	17-Dec-2013 21-Dec-2017	17-Sep-2017	Bus Driver	5 year

Operating Results

The profit after providing for income tax for the financial year amounted to \$254,040 (2019: \$246,141).

Principal Activities

The principle activities of the company during the financial year were to provide comfortable recreational facilities and amenities for members and guests.

The vision of the Board and Management is for the company to be a successful business providing excellent member facilities, having diversified income streams providing good return on investment and to foster good relationships to support and promote the general community, and local sporting bodies.

The company's operations improvements during the year included the continued upgrade of our Poker Machine installation, the expansion of our loyalty program, the relocation of the disable car park, the face lift of the main lounge and upgrade of the ATMs and cash redemption terminal.

Club Refurbishment, Renovation and Refit

In 2019, the company embarked upon a refurbishment of the dining, kitchen, Ron Adams Room and bathroom areas. The total cost of the works including additional upgrades was \$4,491,455 with the works being funded by an approved Commonwealth Bank of Australia loan.

Short Term and Long Term Objectives

The company's short-term objectives are to maintain a high standard of customer service, and to provide modern and comfortable facilities for its Members and Guests.

The Company is to continue to financially support local charities, sporting and community groups, and provide meeting and function rooms for community groups to utilise.

The Company's short-term objectives are also to:

1. Continue to improve customer service;
2. Continue to improve the profitability of the bar's gross profit;
3. Continue to improve the profitability of catering's gross profit;
4. Continue to improve the profitability of the Club's gaming operations;
5. Continue to improve the profitability of the Company;
6. Continue to build upon the united approach between Board and Management;
7. Refurbish key areas of the Club as funds permit;
8. Diversify income streams to future proof the business.

The Company's long-term objectives are:

1. To ensure the company remains profitable by monitoring earnings before interest, tax, depreciation and amortisation;
2. Benchmarking all areas of the company against industry standards;
3. Ensuring gaming installation is upgraded and maintained to achieve optimal performance;
4. To ensure the company is always in a financial position to manage debt
5. Ensure the company continues, through budgeting, to operate a positive cashflow
6. Develop the company's facilities within income and budgeting constraints
7. Continue with the Corporate Governance strategies developed by the company and required by legislation
8. Implement appropriate Corporate Governance procedures to safeguard assets

Strategies

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

- Improve the profitability of the company through diversified investments
- Continue to review the performance of each trading department of the company
- Continue to monitor the financial benefits of each company promotion introduced
- Continue to improve customer service
- Review all existing contracts of the company to achieve the best financial outcome
- Improve the facilities of the company
- Continue the existing united approach of the Board and Management of the Company

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

The company undertakes a number of systems to measure its performance including:

- Monthly Performance Report
- EBITDA earnings before interest, tax, depreciation, amortisation 2020: 1,206,469 (2019: \$1,060,419)
- Monthly board review of various relevant management reports

Members Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound up is 2020: \$37,330 (2019: \$37,035).

Meetings of Directors

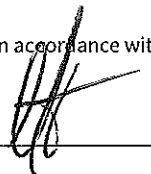
During the financial year, 14 meetings of directors were held. Attendances by each of committee member during the year were as follows:

Name	Monthly Board Meeting: Number eligible to attend	Monthly Board Meeting: Number attended	Special Meetings: Number eligible to attend	Special Meetings Number attended
Dorothy Cooper	12	11	2	1
Barry French	2	2	0	0
Marlene Goodwin	12	11	2	2
Julie-Anne Ellem	12	12	2	2
Timothy Pike	12	9	2	2
Dennis Sheehan	12	12	2	2
Brian Young	12	11	2	2

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2020 has been received and can be found on the following page.

Signed in accordance with a resolution of the Members of the Board of Directors' on:



Timothy Pike (President)

Date 29/08/2020

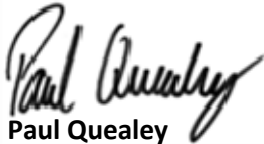
MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED
A.B.N 55 001 052 526

AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:-

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Paul Quealey
Partner
Lambourne Partners

Level 1, 56 Hudson Street
HAMILTON NSW 2303

Dated: 27 August 2020



Statement of Profit or Loss and Other Comprehensive Income

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2020

	NOTES	2020	2019
Revenue And Other Income			
Revenue from Sales	2	5,217,989	6,318,213
Less Direct Costs:			
Cost Of Goods Sold		944,281	1,124,492
Wages & Salaries (Direct)		1,122,211	1,260,448
Other Direct Costs		665,096	964,831
Total Less Direct Costs:		2,731,588	3,349,772
Gross Profit on Trading		2,486,401	2,968,441
Other Income			
Rental Profit / (Loss)	2	283,356	166,524
Other Income			
Interest Received		53	574
Profit on Disposal of Property, Plant & Equipment		3,441	47,554
Commissions		143,149	185,441
Members Subscriptions		14,247	14,812
Other revenue		411,094	85,496
Total Other Income		571,983	333,877
Total Other Income		855,339	500,401
Less Administration & Operating Expenses			
Depreciation and Amortisation Expense	3	721,542	656,602
Electricity		120,664	145,653
Wages & Salaries (Indirect)		714,047	800,411
Entertainment & Amenities		124,318	164,288
Interest Costs	3	195,231	177,078
Members Promotions		271,188	375,639
Postage, Stationary & Advertising		101,072	179,351
Repairs & Maintenance		202,618	177,945
Other Expenses		602,575	584,919
Total Less Administration & Operating Expenses		3,053,255	3,261,887
PROFIT / (LOSS) BEFORE INCOME TAX		288,486	206,955
Income Tax Expense			
Income Tax Expense		34,446	(39,185)
Total Income Tax Expense		34,446	(39,185)

Statement of Profit or Loss and Other Comprehensive Income

	NOTES	2020	2019
PROFIT / (LOSS) AFTER INCOME TAX		254,040	246,141
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		254,040	246,141

The accompanying notes form part of these financial statements.

Statement of Financial Position

Muswellbrook & District Workers Club Ltd

As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
Assets			
Current Assets			
Cash and Cash Equivalents	5	534,460	499,446
Trade and Other Receivables	6	122,582	58,134
Inventories	7	59,263	74,920
Other Current Assets	8	94,538	40,686
Total Current Assets		810,843	673,186
Non-Current Assets			
Property, Plant and Equipment	9	8,127,141	8,509,479
Investment Property	10	1,972,739	1,910,101
Intangibles	11	389,932	389,932
Borrowing Cost	12	2,007	2,676
Tax Asset	4	4,739	39,185
Total Non-Current Assets		10,496,559	10,851,374
Total Assets		11,307,402	11,524,560
Liabilities			
Current Liabilities			
Trade and Other Payables	13	489,792	602,540
Borrowings	14	319,375	356,087
Total Current Liabilities		809,167	958,627
Non-Current Liabilities			
Trade and Other Payables	13	29,037	30,831
Borrowings	14	4,911,519	5,231,462
Total Non-Current Liabilities		4,940,556	5,262,293
Total Liabilities		5,749,722	6,220,920
Net Assets		5,557,680	5,303,640
Equity			
Retained Profits		5,557,680	5,303,640
Total Equity		5,557,680	5,303,640

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Muswellbrook & District Workers Club Ltd

For the year ended 30 June 2020

	NOTES	2020	2019
Retained Earnings after Appropriation			
Retained Earnings At Start of Year		5,303,640	5,057,499
Total Comprehensive Income Attributable to Members of the Company for the Year		254,040	246,141
Retained Earnings After Appropriation		5,557,680	5,303,640

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2020

	NOTES	2020	2019
Cash flows from Operating Activities			
Receipts from customers		6,603,765	7,843,407
Payments to suppliers and employees		(5,405,651)	(6,588,540)
Interest received		53	574
Finance costs		(195,231)	(177,078)
Total Cash flows from Operating Activities		1,002,936	1,078,363
Cash flows from Investing Activities			
Proceeds from sales of property, plant and equipment		4,938	80,555
Payment for property, plant and equipment		(248,324)	(2,885,085)
Payments for investment property		(92,914)	(916,181)
Total Cash flows from Investing Activities		(336,300)	(3,720,711)
Cash flows from Financing Activities			
Proceeds from borrowing		-	3,526,636
Repayment of borrowings		(631,621)	(736,264)
Total Cash flows from Investing Activities		(631,621)	(2,790,372)
Net increase/(decrease) in cash held		35,014	148,024
Cash Balances			
Opening cash balance		499,446	351,422
Closing cash balance	5	534,460	499,466
Movement in cash		35,014	148,024

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2020

The financial statements are for Muswellbrook & District Workers Club Limited as an individual company, incorporated and domiciled in Australia. Muswellbrook & District Workers Club Limited is a company limited by guarantee.

1. Statement of Significant Accounting Policies

Basis of Preparation

Muswellbrook & District Workers Club Limited applies the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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

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

The financial statements, except for the cash flow information, have been prepared on an 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.

Standards Issued not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted. The Club's assessment of the impact of these new standards and interpretations did not identify any standards that will materially impact the Club.

AASB 16: Leases

AASB 16 Leases will replace AASB 117 Leases and other interpretations. The new lease standard will become effective from the annual reporting period commencing 1 July 2019. The Club has not early adopted the standard as permitted by AASB 16, and intends to apply the exemptions available under AASB 16 for short term leases and low value underlying assets. In addition, the company intends to apply AASB 16 using the modified retrospective approach, along with practical expedients permitted by the standard. The modified retrospective approach does not require the restatement of comparative financial information.

Accounting Policies

Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Club and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenues from the sale of goods, services and gaming are recognised at the point of sale, which is where the customer has taken delivery of the goods, received the service and the risks and rewards are transferred to the customer. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest revenue is recognised on an accrual basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

These notes form part of the financial statements.

Other revenue is recognised when it is received or when the right to receive payment is established.

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

Leases

For any contracts entered into, the Club considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Club recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Club depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Club also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Club measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Club's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Club has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

Financial Instruments

Recognition

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Club's trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss(FVTPL)

Financial assets at fair value through profit or loss(FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a valued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is available for use. Buildings are depreciated on a straight line basis.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant & Equipment	7.5% to 50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss in the period in which they arise. When revalued assets are sold amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Investment Property

Investment property, comprising rental properties is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost, fair value or director's valuation. Where property is actively marketed for sale it is classified as a current asset.

Intangibles

Intangibles are initially recognised at cost. Borrowing expenses are amortised on a straight line basis over five years. Poker machine licences are initially recognised at the purchase price paid. Poker machine licences are not amortised as they do not have a finite useful life. Intangibles are tested annually for impairment and carried at cost less accumulated impairment losses where applicable.

Impairment of Assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and 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 in the profit or loss.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Impairment testing is performed annually for intangible assets with indefinite lives.

Trade and Other Payables

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Receivables and payables are stated inclusive of the amount of GST receivable or payable. Cash flows are presented in the statement of cash flows exclusive of GST.

Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or substantially enacted by the balance date and adjusted to take into account the principal of mutuality.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which maybe realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Club will derive future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Comparative Figures

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

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful life of assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Club assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Club and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair valueless costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

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

Deferred tax balances

Deferred tax assets are recognised for deductible temporary differences only if the Club considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. For the purpose of measuring deferred tax assets arising from property that is measured using the fair value model, the directors review and assess the Club's likely benefit or liability to taxation with reference to prevailing tax legislation and case law and with reference to the Club's strategic plan. Until such time as the strategic plan is enacted by the Club and claims against the capital losses for previous years are made by the Club and accepted by the ATO, the precise measurement of the deferred tax asset available for use by the Club cannot be made. Notwithstanding this, the directors are of the opinion that sufficient capital and revenue losses are available to minimise the Club's exposure to tax in the event there is a change in the nature or use of Club property in the foreseeable future.

Fair value of financial assets and liabilities

The Board of Directors and management consider that the carrying amount of financial assets and liabilities recognised in the financial statements approximate their fair values.

	NOTES	2020	2019
2. Revenue and Other Income			
Revenue			
Bar		876,570	1,090,277
Poker Machine		3,117,637	3,799,111

These notes form part of the financial statements.

	NOTES	2020	2019
Restaurant		1,176,657	1,428,826
Project COVID 19		47,126	-
Total Revenue		5,217,989	6,318,213
Profit/(Loss) From Rental Activities		283,356	166,524
Other Income			
Interest Received		53	574
Profit on Disposal of Property, Plant & Equipment		3,441	47,554
Commissions		143,149	185,441
Members Subscriptions		14,247	14,812
Other Revenue		411,094	85,496
Total Other Income		571,983	333,877
Total Revenue and Other Income		6,073,328	6,818,614
	NOTES	2020	2019

3. Profit For The Year

Expenses

Contributions to Regulated Superannuation Funds	137,299	162,737
Depreciation & Amortisation	721,542	656,602

Finance Costs

Interest Paid	195,231	177,078
Total Finance Costs	195,231	177,078

Significant Revenue / Expense items

Profit on sale on Non Current Asset	(3,441)	(47,554)
Total Significant Revenue / Expense items	(3,441)	(47,554)

4. Income Tax Expense

	Notes	2020	2019
Accounting Profit		288,486	206,955
Tax at the applicable tax rate of 27.5% (2019: 27.5%)		79,334	56,913
Tax Effect of:			
Exempt member income		(44,887)	(18,728)
Tax losses used/ (recouped)		34,446	(38,185)
Tax losses used/ (capitalised) as part of deferred tax assets		34,446	(38,185)
Income Tax Expense		34,446	(39,185)

NOTES 2020 2019

5. Cash & Cash Equivalents

Bank Accounts

CBA - Retention Account	23,905	145,999
CBA - TAB	3,957	3,921
CBA - Keno	698	732

These notes form part of the financial statements.

	NOTES	2020	2019
CBA - Main		427,890	162,634
TAB Guarantee		5,000	5,000
ATM Account		-	52,150
Total Bank Accounts		461,450	370,436
Other Cash Items			
Cash on hand		73,010	129,010
Total Other Cash Items		73,010	129,010
Total Cash & Cash Equivalents		534,460	499,446

	NOTES	2020	2019
6. Receivables			
Trade Debtors		94,332	58,134
Other Receivables		28,250	-
Total Receivables		122,582	58,134

	NOTES	2020	2019
7. Inventory (at cost)			
Stock on Hand - bar		53,008	51,166
Stock on Hand - bingo		1,511	3,250
Stock on Hand - catering		4,744	20,504
Total Inventory (at cost)		59,263	74,920

	NOTES	2020	2019
8. Other Current Assets			
Prepayments		94,538	40,686
Total Other Current Assets		94,538	40,686

9. Property Plant and Equipment - at cost

Club House & Land			
Club House & Land		8,090,459	8,078,089
Less: Accumulated Depreciation		(1,543,458)	(1,320,025)
Total Club House & Land		6,547,001	6,758,064

Bus			
Bus at cost		62,103	-
Less: Accumulated Depreciation		(3,225)	-
Total Bus		58,878	-

Fittings 29 Sydney Street			
Fittings - 29 Sydney Street		11,324	11,324
Less: Accumulated Depreciation		(5,369)	(4,708)
Total Fittings 29 Sydney Street		5,954	6,616

Plant & Equipment			
Plant & Equipment		1,603,580	1,490,077

These notes form part of the financial statements.

	NOTES	2020	2019
Less: Accumulated Depreciation		(1,126,094)	(961,163)
Total Plant & Equipment		477,486	528,914
Furniture & Fittings			
Furniture & Fittings		404,964	404,964
Less: Accumulated Depreciation		(356,704)	(348,087)
Total Furniture & Fittings		48,261	56,877
Poker Machines			
Poker Machines		2,394,938	2,280,638
Less: Accumulated Depreciation		(1,641,789)	(1,365,375)
Total Poker Machines		753,149	915,263
Crockery & Cutlery		29,423	29,423
Improvements			
Improvement - Outdoor Smoking Area		290,465	290,465
Less: Accumulated Depreciation		(83,475)	(76,143)
Total Improvements		206,990	214,321
Total Property Plant and Equipment - at cost		8,127,141	8,509,479

Movement in Carrying Amounts

Movements in the carrying amount for each applicable class of plant and equipment between the beginning and end of the current financial year:

	Clubhouse & Land	Bus	Fittings - 29 Sydney Street	Plant & Equipment
Opening balance	6,758,064	-	6,616	528,914
Additions at cost	12,370	62,103	-	113,503
Disposals	-	-	-	-
Depreciation	(223,433)	(3,225)	(662)	(164,931)
Closing balance	6,547,001	58,878	5,954	477,486

	Furniture & Fittings	Poker Machines	Crockery	Improvement
Opening balance	56,877	915,263	29,423	214,321
Additions at cost	-	122,450	-	-
Disposals	-	(1,497)	-	-
Depreciation	(8,616)	(283,067)	-	(7,331)
Closing balance	48,261	753,149	29,423	206,990

Core and Non-Core Property

In accordance with provisions under Section 41J(2) of the Registered Clubs Act the directors have classified the following assets as core property of the company:

Club land and buildings:

These notes form part of the financial statements.

- 15-17 Sydney Street, Muswellbrook NSW 2333
- 29-31 Sydney Street, Muswellbrook NSW 2333
- 7 Sydney Street, Muswellbrook NSW 2333

	NOTES	2020	2019
10. Investment Properties			
29-31 Sydney Street Building		812,512	812,512
7 Sydney Street at cost		192,704	192,704
Land & Buildings - Valley Motel		898,469	886,469
The Valley - Plant & Equipment - Net		69,053	18,416
Total Investment Properties		1,972,739	1,910,101

	NOTES	2020	2019
11. Intangible Assets			
Poker Machine Licences at Cost		389,932	389,932
Total Intangible Assets		389,932	389,932

	NOTES	2020	2019
12. Borrowing Cost			
Borrowing Costs		2,007	2,676
Total Borrowing Cost		2,007	2,676

	NOTES	2020	2019
13. Trade and Other Payables			
Current			
Trade Creditors		253,267	224,433
Accrued Expenses & Other Creditors		55,571	170,945
Members' Subscriptions in Advance		7,521	8,710
GST Payable		33,625	40,437
Employee Entitlements			
Provision - Annual Leave		102,107	115,064
Provision LSL - current		27,256	24,473
Members Unclaimed Points		3,880	11,206
Unclaimed Monies		6,565	7,272
Total Current		489,792	602,540
Non Current			
Members' Subscriptions in Advance		10,973	9,921
Provision LSL - non-current		18,063	20,910
Total Non Current		29,037	30,831

	NOTES	2020	2019
14. Financial Liabilities			
Borrowings - Current			
Commonwealth Bank of Australia Loan		199,437	318,538
Hire Purchase Liability Asset Finance		16,920	-

These notes form part of the financial statements.

	NOTES	2020	2019
Insurance Loan		103,018	37,549
Total Borrowings - Current		319,375	356,087
Borrowings - Non Current			
Commonwealth Bank of Australia Loan		4,861,180	5,231,462
Hire Purchase Liability Asset Finance		50,339	-
Total Borrowings - Non Current		4,911,519	5,231,462
Total Financial Liabilities		5,230,894	5,587,549

The Westpac loans were extinguished on 31 May 2018 by Commonwealth Bank of Australia.

The Commonwealth Bank of Australia loans are secured over a General Securities interest over all existing and future assets and undertakings of the company including:

- Mortgage in favour of property located at 15-27 Sydney Street, Muswellbrook NSW 2333;
- Mortgage in favour of property located at 29-31 Sydney Street, Muswellbrook NSW 2333; and
- Mortgage in favour of property located at 7 Sydney Street, Muswellbrook NSW 2333.

The Commonwealth Bank of Australia loans are interest only at a rate of 4.04% until 31 May 2019. Thereafter, principal and interest for 4 years with a residual balloon balance of \$3.7m that may be refinanced for a further 10 years. The facility is limited to \$4.76 million subject to annual covenant requirements and a \$5,000 bank guarantee refer Note 20.

15. Provisions

The measurement and recognition criteria relating to employee benefits have been included in Note 1 of this report.

	2020	2019
Provision for Long Service Leave:		
Balance at the beginning of the year	45,383	30,338
Additional Provisions raised during year	5,172	15,045
Amounts Used/Employee Resigned	(5,236)	-
Balance at End of Year	45,319	45,383
Analysis of Long Service Leave		
Current Trade & Other Payables	27,256	24,473
Non-Current Trade & Other Payables	18,063	20,910
	45,319	45,383

16. Related Party Transactions

The directors of the company are not paid for their services. Directors, in the course of carrying out their duties at meetings and on other occasions, are provided with meals and liquor on a complimentary basis. Each director is provided with an honorarium of \$2,740 (2019: \$2,500) as approved by the members at the prior year's annual general meeting. These are allocated monthly over the term of their directorship for the year. All other transactions with directors are at normal commercial terms and conditions no more favourable than available to other parties.

No relatives of directors were employed by the company.

Accounting Services

Management accounting services have been provided by Catalyst Plus Pty Ltd which is owned and Directed by Julie-Anne Ellem. These services have been performed at commercial rates.

2020: \$29,927

2019: \$28,654

Entertainment Services

Lights and sound production for entertainment of the members was provided by Hot Tub Time Machine, a related party of the Club. These services have been performed at commercial rates.

2020: \$0

2019: \$2,640

Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company is considered Key Management Personnel.

All remuneration paid to executives is valued at the cost to the company and expensed.

In the course of carrying out their duties, the Secretary Manager is provided with meals and liquor on a complimentary basis and mobile phone and internet is reimbursed.

	2020	2019
Key Management Personnel Compensation	\$168,855	\$178,700

Compensation is paid in accordance with the employment contract and includes salary, superannuation and meal benefits.

17. Financial Risk Management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments: Recognition And Measurement as detailed in the accounting policies to these financial statements are as follows:

	NOTES	2020	2019
Financial Assets & Liabilities			
Financial Assets			
Cash and Cash Equivalents	5	534,460	499,446
Loans and Receivables	6	122,582	58,134
Total Financial Assets		657,043	557,580
Financial Liabilities			
Trade & Other Payables	13	518,828	633,371
Borrowings	14	5,167,406	5,587,549
Total Financial Liabilities		5,686,234	6,220,920

18. Contingent Liabilities

A bank guarantee of \$5,000 (2019: \$5,000) is held with the Commonwealth Bank of Australia in order to secure the TAB and Keno gaming facility.

19. Events After the Reporting Period

In March 2020, the COVID-19 virus began having a significant impact on the economic environment around world. In Australia, significant impacts have been realised on the Australian economy. The full effects of these impacts are not fully known, and may not be known for an extended period of time.

20. Company Details

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

15 Sydney Street

MUSWELLBROOK NSW 2333

21. Members' Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 30 June 2020, the number of members was 7,466 (2019: 7,407).

Directors Declaration

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2020

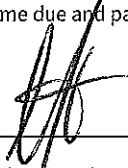
In accordance with a resolution of the directors of Muswellbrook & District Workers Club Limited, the directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

(b) give a true and fair view of the financial position of the company as at 30 June 2020 and of its performance for the year on that date.

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.



Timothy Pike, President

Date: 28th 08 2020

MUSWELLBROOK & DISTRICT WORKERS CLUB LIMITED
A.B.N 55 001 052 526

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30 June 2020

Opinion

We have audited the financial report of Muswellbrook & District Workers Club Limited (the Company), which comprises the balance sheet as at 30 June 2020, the profit and loss, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors Declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance, changes in equity and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Effects and Uncertainties of COVID-19

During March 2020, Australia was impacted by the worldwide pandemic COVID-19. The possible ongoing effects and uncertainties on the Company operative arising from the on-going issues associated with COVID-19 are unknown as at the date of this report. Our opinion is not modified in respect of this matter.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Lambourne Partners



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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management and Those Charged With Governance are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

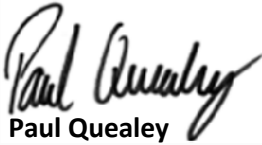
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.



Paul Quealey

Partner

Lambourne Partners

Level 1, 56 Hudson Street
HAMILTON NSW 2303

Dated: 1 September 2020