

Financial Report

Muswellbrook & District Workers Club Ltd

ABN 55 001 052 526

For the year ended 30 June 2021

Prepared by CATALYST PLUS

Contents

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

Directors' Report

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2021

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

Directors

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

Name	Appointed	Resigned	Qualifications	Board Service
Tim Pike	30-Aug-2015		Retired	6 years
Dennis Sheehan	17-Dec-2013		Retired	8 years
Dorothy Cooper	27-Mar-2014		Retired	7 years
Marlene Goodwin	17-Sep-2017		Retail Employee	4 years
Brian Young	17-Dec-2013		Bus Driver	8 years
Julie-Anne Ellem	21-Dec-2017	27-Sep-2020	Chartered Accountant	3 years
Robert Minch	27-Sep-2020		Retired	9 months
Amanda Morris	27-Sep-2020	16-Mar-2021	Admin Officer	6 months
Martin Rush	23-Mar-2021		Lawyer	3 months

Operating Results

The profit after providing for income tax for the financial year amounted to \$1,025,500 (2020: \$254,040).

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.

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 Company'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 Company 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 2021: \$1,998,442 (2020: \$1,206,469)
- 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 2021, the total amount that members of the company are liable to contribute if the company is wound up is 2021: \$37,735 (2020: \$37,330).

Meetings of Directors

During the financial year, 15 meetings of directors were held. Attendances by each of committee member during the year were as follows:

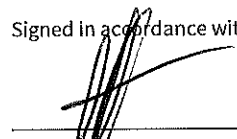
Name	Monthly Board Meeting: Number eligible to attend	Monthly Board Meeting: Number attended	Special Meetings: Number eligible to attend	Special Meetings: Number attended

Tim Pike	12	12	3	3
Dennis Sheehan	12	12	3	3
Dorothy Cooper	12	9	3	3
Marlene Goodwin	12	12	3	3
Brian Young	12	12	3	3
Julie-Anne Ellem	3	3	0	0
Robert Minch	9	9	3	3
Amanda Morris	5	5	2	2
Martin Rush	4	3	0	0

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2021 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 20/18/21



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 2021 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.

A handwritten signature in black ink that reads 'Paul Quealey'.

Paul Quealey
Partner
Lambourne Partners

Level 1, 56 Hudson Street
HAMILTON NSW 2303

Dated: 29 August 2021.

Lambourne Partners



Statement of Profit or Loss and Other Comprehensive Income

Muswellbrook & District Workers Club Ltd
For the year ended 30 June 2021

	NOTES	2021	2020
Revenue And Other Income			
Revenue from Sales	2	6,868,026	5,217,989
Less Direct Costs:			
Cost Of Goods Sold		1,055,100	944,281
Wages & Salaries (Direct)		1,109,372	1,165,471
Other Direct Costs		1,080,989	665,096
Total Less Direct Costs:		3,245,460	2,774,848
Gross Profit on Trading		3,622,565	2,443,141
Other Income			
Rental Profit / (Loss)	2	211,232	283,356
Other Income	2	546,970	571,983
Total Other Income		758,202	855,339
Less Administration & Operating Expenses			
Depreciation and Amortisation Expense	3	784,730	721,542
Electricity		130,754	139,325
Wages & Salaries (Indirect)		764,919	764,424
Entertainment & Amenities		151,593	124,318
Interest Costs	3	109,887	195,231
Members Promotions		218,412	271,188
Postage, Stationary & Advertising		87,973	101,072
Repairs & Maintenance		292,643	202,618
Loss on Disposal of Assets	3	182,699	-
Other Expenses		553,333	490,277
Total Less Administration & Operating Expenses		3,276,942	3,009,995
PROFIT / (LOSS) BEFORE INCOME TAX		1,103,825	288,486
Income Tax Expense			
Income Tax Expense	4	78,325	34,446
Total Income Tax Expense		78,325	34,446
PROFIT / (LOSS) AFTER INCOME TAX		1,025,500	254,040
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		1,025,500	254,040

The accompanying notes form part of these financial statements.

Statement of Financial Position

Muswellbrook & District Workers Club Ltd

As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Cash and Cash Equivalents	5	330,035	534,460
Trade and Other Receivables	6	71,900	122,582
Inventories	7	60,621	59,263
Other Current Assets	8	141,183	94,538
Total Current Assets		603,739	810,843
Non-Current Assets			
Property, Plant and Equipment	9	7,536,145	8,127,141
Investment Property	10	2,018,934	1,972,739
Intangibles	11	389,932	389,932
Borrowing Cost	12	1,338	2,007
Tax Asset	4	-	4,739
Total Non-Current Assets		9,946,350	10,496,559
Total Assets		10,550,089	11,307,402
Liabilities			
Current Liabilities			
Trade and Other Payables	13	580,329	489,792
Borrowings	14	433,895	319,375
Taxation	4	49,102	-
Total Current Liabilities		1,063,326	809,167
Non-Current Liabilities			
Trade and Other Payables	13	21,756	29,037
Borrowings	14	2,881,826	4,911,519
Total Non-Current Liabilities		2,903,582	4,940,556
Total Liabilities		3,966,908	5,749,722
Net Assets		6,583,180	5,557,680
Equity			
Retained Profits		6,583,180	5,557,680
Total Equity		6,583,180	5,557,680

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 2021

	NOTES	2021	2020
Retained Earnings after Appropriation			
Retained Earnings At Start of Year		5,557,680	5,303,640
Total Comprehensive Income Attributable to Members of the Company for the Year		1,025,500	254,040
Retained Earnings After Appropriation		6,583,180	5,557,680

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Muswellbrook & District Workers Club Ltd

For the year ended 30 June 2021

	NOTES	2021	2020
Cash flows from Operating Activities			
Receipts from customers		8,203,909	6,603,765
Payments to suppliers and employees		(5,862,966)	(5,405,651)
Interest received		50	53
Finance costs		(109,887)	(195,231)
Total Cash flows from Operating Activities		2,231,106	1,002,936
Cash flows from Investing Activities			
Proceeds from sales of property, plant and equipment		44,414	4,938
Payment for property, plant and equipment		(362,983)	(248,324)
Payment for investment property		(74,408)	(92,914)
Total Cash flows from Investing Activities		(392,977)	(336,300)
Cash flows from Financing Activities			
Repayment of borrowings		(2,042,554)	(631,621)
Total Cash flows from Financing Activities		(2,042,554)	(631,621)
Net increase/(decrease) in cash held		(204,425)	35,014
Cash Balances			
Opening cash balance		534,460	499,446
Closing cash balance	5	330,035	534,460
Movement in cash		(204,425)	35,014

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 2021

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 2021 reporting periods and have not been early adopted. The Company's assessment of the impact of these new standards and interpretations did not identify any standards that will materially impact the Company.

Accounting Policies

Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Company 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.

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

These notes form part of the financial statements.

For any contracts entered into, the Company 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 Company 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 Company 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 Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company 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 Company'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 Company 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

These notes form part of the financial statements.

Financial assets and financial liabilities are recognised when the Company 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 Company'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 revalued 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.

These notes form part of the financial statements.

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.

These notes form part of the financial statements.

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 may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company 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 Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non strategic assets that have been abandoned or sold will be written off or written down.

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

The Company 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 Company 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 value less 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 Company 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 Company's likely benefit or liability to taxation with reference to prevailing tax legislation and case law and with reference to the Company's strategic plan. Until such time as the strategic plan is enacted by the Company and claims against the capital losses for previous years are made by the Company and accepted by the ATO, the precise measurement of the deferred tax asset available for use by the Company cannot be made. Notwithstanding this, the directors are of the opinion that sufficient capital and revenue losses are available to minimise the Company's exposure to tax in the event there is a change in the nature or use of Company property in the foreseeable future.

Fair value of financial assets and liabilities

These notes form part of the financial statements.

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	2021	2020
2. Revenue and Other Income			
Revenue			
Bar		1,033,781	876,570
Poker Machine		4,713,880	3,117,637
Restaurant		1,120,365	1,176,657
Project COVID 19		-	47,126
Total Revenue		6,868,026	5,217,989
Profit/(Loss) From Rental Activities		211,232	283,356
Other Income			
Interest Received		50	53
Profit on Disposal of Property, Plant & Equipment		29,652	3,441
Commissions		167,845	143,149
Members Subscriptions		15,496	14,247
Other Revenue		333,926	411,094
Total Other Income		546,970	571,983
Total Revenue and Other Income		7,626,227	6,073,328
	NOTES	2021	2020

3. Profit For The Year

Expenses			
Contributions to Regulated Superannuation Funds		137,260	137,299
Depreciation & Amortisation		784,730	721,542
Finance Costs			
Interest Paid		109,887	195,231
Total Finance Costs		109,887	195,231
Significant Expense Items			
Loss on Disposal of Assets		182,699	-
Total Significant Expense Items		182,699	-

4. Income Tax Expense

	Notes	2021	2020
Accounting Profit		1,103,825	288,486
Tax at the applicable tax rate of 26% (2020: 27.5%)		286,995	79,334
Tax Effect of:			
Exempt member income		(208,670)	(44,887)

These notes form part of the financial statements.

Tax losses used/ (recouped)		4,739	34,446
Tax losses used/ (capitalised) as part of deferred tax assets		4,739	34,446
Income Tax Expense		78,325	34,446

NOTES 2021 2020

5. Cash & Cash Equivalents

Bank Accounts

CBA - Retention Account		-	23,905
CBA - TAB		3,950	3,957
CBA - Keno		797	698
CBA - Main		235,178	427,890
TAB Guarantee		5,000	5,000
Total Bank Accounts		244,925	461,450

Other Cash Items

Cash on hand		85,110	73,010
Total Other Cash Items		85,110	73,010

Total Cash & Cash Equivalents 330,035 534,460

NOTES 2021 2020

6. Receivables

Trade Debtors		54,026	94,332
Other Receivables		17,874	28,250
Total Receivables		71,900	122,582

NOTES 2021 2020

7. Inventory (at cost)

Stock on Hand - bar		45,336	53,008
Stock on Hand - bingo		-	1,511
Stock on Hand - catering		15,285	4,744
Total Inventory (at cost)		60,621	59,263

NOTES 2021 2020

8. Other Current Assets

Prepayments		141,183	94,538
Total Other Current Assets		141,183	94,538

NOTES 2021 2020

9. Property Plant and Equipment - at cost

Club House & Land			
Club House & Land		7,730,955	8,090,459

These notes form part of the financial statements.

	NOTES	2021	2020
Less: Accumulated Depreciation		(1,501,064)	(1,543,458)
Total Club House & Land		6,229,891	6,547,001
Bus			
Bus at cost		62,103	62,103
Less: Accumulated Depreciation		(8,661)	(3,225)
Total Bus		53,442	58,878
Fittings 29 Sydney Street			
Fittings - 29 Sydney Street		11,324	11,324
Less: Accumulated Depreciation		(5,965)	(5,369)
Total Fittings 29 Sydney Street		5,359	5,954
Plant & Equipment			
Plant & Equipment		1,171,545	1,603,580
Less: Accumulated Depreciation		(855,917)	(1,126,094)
Total Plant & Equipment		315,628	477,486
Furniture & Fittings			
Furniture & Fittings		98,997	404,964
Less: Accumulated Depreciation		(81,770)	(356,704)
Total Furniture & Fittings		17,227	48,261
Poker Machines			
Poker Machines		2,152,396	2,394,938
Less: Accumulated Depreciation		(1,481,810)	(1,641,789)
Total Poker Machines		670,586	753,149
Crockery & Cutlery		27,759	29,423
Improvements			
Improvement - Outdoor Smoking Area		290,465	290,465
Less: Accumulated Depreciation		(90,787)	(83,475)
Total Improvements		199,677	206,990
Work-in-Progress		16,575	-
Total Property Plant and Equipment - at cost		7,536,145	8,127,141

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	Furniture & Fittings
Opening balance	6,547,001	58,878	5,954	477,486	48,261
Additions at cost	-	-	-	48,496	15,351
Disposals	(107,404)	-	-	(30,479)	(24,554)
Depreciation	(209,706)	(5,436)	(595)	(179,875)	(21,831)

These notes form part of the financial statements.

Closing balance	6,229,891	53,442	5,359	315,628	17,227
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	Poker Machines	Crockery	Improvement	Work-in-Progress
Opening balance	753,149	29,423	206,990	-
Additions at cost	281,198	1,362	-	16,575
Disposals	(31,998)	(3,026)	-	-
Depreciation	(331,763)	-	(7,313)	-
Closing balance	670,586	27,759	199,677	16,575

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:

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

	NOTES	2021	2020
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	898,469
The Valley - Plant & Equipment - Net		40,851	69,053
7 Sydney Street - Plant and Equipment - Net		74,398	-
Total Investment Properties		2,018,934	1,972,739
	NOTES	2021	2020

11. Intangible Assets

Poker Machine Licences at Cost		389,932	389,932
Total Intangible Assets		389,932	389,932
	NOTES	2021	2020

12. Borrowing Cost

Borrowing Costs		1,338	2,007
Total Borrowing Cost		1,338	2,007
	NOTES	2021	2020

13. Trade and Other Payables

Current

These notes form part of the financial statements.

	NOTES	2021	2020
Trade Creditors		325,708	253,267
Accrued Expenses & Other Creditors		96,899	55,571
Members' Subscriptions in Advance		9,275	7,521
GST Payable		17,958	33,625
Employee Entitlements			
Provision - Annual Leave		75,772	102,107
Provision for Long Service Leave (Current)		26,176	27,256
Members Unclaimed Points		20,322	3,880
Unclaimed Monies		8,220	6,565
Total Current		580,329	489,792
Non Current			
Members' Subscriptions in Advance		18,203	10,973
Provision for Long Service Leave (Non-Current)		3,553	18,063
Total Non Current		21,756	29,037
	NOTES	2021	2020

14. Financial Liabilities

Borrowings - Current			
Commonwealth Bank of Australia Loan		416,375	199,437
Hire Purchase Liability Asset Finance		17,520	16,920
Insurance Loan		-	103,018
Total Borrowings - Current		433,895	319,375
Borrowings - Non Current			
Commonwealth Bank of Australia Loan		2,848,953	4,861,180
Hire Purchase Liability Asset Finance		32,874	50,339
Total Borrowings - Non Current		2,881,826	4,911,519
Total Financial Liabilities		3,315,722	5,230,894

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 30 June 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. Due to COVID-19, a loan repayment holiday and interest capitalisation was approved for April 2020 to September 2020. The facility is limited to \$5.60 million subject to annual covenant requirements and a \$5,000 bank guarantee refer Note 18.

15. Provisions

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

	2021	2020
Provision for Long Service Leave:		
Balance at the beginning of the year	45,319	45,383

These notes form part of the financial statements.

Additional Provisions raised during year	10,624	5,172
Amounts Used/Employee Resigned	(26,214)	(5,236)
Balance at End of Year	29,729	45,319
Analysis of Long Service Leave		
Current Trade & Other Payables	26,176	27,256
Non-Current Trade & Other Payables	3,553	18,063
	29,729	45,319

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 (2020: \$2,740) 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.

2021: \$7,287 (for the period 1 July 2020 to 27 September 2020)

2020: \$29,927

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.

	2021	2020
Key Management Personnel Compensation	\$149,327	\$168,855

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:

These notes form part of the financial statements.

	NOTES	2021	2020
Financial Assets & Liabilities			
Financial Assets			
Cash and Cash Equivalents	5	330,035	534,460
Loans and Receivables	6	71,900	122,582
Total Financial Assets		401,935	657,043
Financial Liabilities			
Trade & Other Payables	13	602,085	518,828
Borrowings	14	3,315,722	5,230,894
Total Financial Liabilities		3,917,807	5,749,722

18. Contingent Liabilities

A bank guarantee of \$5,000 (2020: \$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

On 5th August 2021 the Company was required to close its facilities due to the NSW Public Health Order. 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 2021, the number of members was 7,547 (2020: 7,466).


These notes form part of the financial statements.

Directors Declaration

Muswellbrook & District Workers Club Ltd For the year ended 30 June 2021

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 2021 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: 29/8/21

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

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Opinion

We have audited the financial report of Muswellbrook & District Workers Club Limited (the Company), which comprises the balance sheet as at 30 June 2021, 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 2021, 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. Significant financial support was provided by the State and Federal Governments during the 2020 and 2021 financial years. This support is currently being unwound and the Club was forced to close its operations on 5 August 2021 due to a NSW Government Public Health Order. The possible ongoing effects and uncertainties on the Club arising from 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 2021, but does not include the financial report and our auditor's report thereon.

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





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

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

Responsibilities of 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: 3 September 2021