

2019

ANNUAL REPORT

**THE LISMORE & DISTRICT
WORKERS CLUB LIMITED**

ABN 72 000 919 406

BOARD OF DIRECTORS



IAN HARMON

PRESIDENT



JOHN EATHER

VICE PRESIDENT



BARRY LAMPARD

TREASURER



VALDA STANFORD



PETER WARREN



BERNIE MACDONALD



MAX THOMPSON



KEVIN KEEVERS



MICHAEL KNIGHT

PRESIDENT'S REPORT

Thank you to those members present at last years AGM who voted me in as the new president of the Lismore Workers Club. Having been a board member for the past twelve years I am proud to say I have seen a significant change in our club during that time, and it has all been for the better.

Keeping up with industry standards, reducing our carbon footprint, staying abreast of ever changing technological advancements and maintaining and upgrading our infrastructures is no easy task. I would like to thank our Group General Manager, Stephen Bortolin and his management team who oversee these protocols on a day to day basis.

Our 2018/2019 financial results have not been as profitable as previous years, however as a group we have still made an impressive profit. The Lismore Workers Sports Club and Lismore Workers Golf Club have not operated as successfully as previous years. However, actions are in place at both locations to address these issues. A new premise manager at each of these clubs has seen increased confidence and positive feedback from both staff and members.

Our club remains in a very healthy financial position. We are debt free and have close to three million dollars in the bank. This raises the question of diversification. Whilst it is good to have money in the bank, interest on that is only around 2% at the best. We also cannot rely, in the long term, on poker machine profits to remain lucrative. There are always rumblings within government, both State and Federal, about poker machines and the harm they do to the community.

Whilst poker machine legislation in New South Wales is probably the most regulated in the world, the time will come where clubs will not be able to be as reliant on poker machine profits as they are today. Over the course of the next twelve months the board will be looking at different avenues in regards to investment opportunities with a long term financial return for the Club and members.

In the last twelve months, we undertook a half-million dollar refurbishment to our auditorium. A new decor and furnishings, along with a state of the art sound system and lighting display, has seen it turn into virtually a new room. We are proud to put our club on display when hosting large conferences, award winning artists, dance and singing extravaganzas, and school formals.

Thank you to the current board of the Lismore Workers Club who have actively assisted me over the past twelve months. Having a board with experience across all aspects certainly makes my job a lot easier. Thank you to all our staff who go above and beyond to make our club such a great place. And thank you to the members. Without you there would be no club. It is the boards responsibility to put the interests of members first and foremost and I believe that is something which we have achieved in the past twelve months.

Ian Harmon

President

5th August, 2019

GENERAL MANAGER'S REPORT

2018/19 financial year showed a net profit of \$210,687 – a lot lower compared to previous years. The group is however still accumulating cash reserves for future improvement to member facilities. Current ratio is 1:2 – which means the company liquidity is good. Worker's group is one of the largest employers in Lismore & surrounding districts. The group invests into the Lismore economy through infrastructure development and changes, employment, suppliers and supports charities, sporting and community groups.

Sports Club poor profitability was very concerning - the net profit was weathered substantially. This was mainly attributed to poor & inadequate operations over the past 18 months which had flow on affect with patronage. The Club does not have any "special powers" when influencing customers to return to the club. Rather, the club has the diligence and a genuine commitment to restore customer confidence – slowly chipping away at the obstacles and build a strong relationship with members and patrons. It's now under new management and already showing positive results so you will see an improvement to the profitability in the next financial year.

Golf Club profitability was also significantly down – primarily through depreciation increases. Cart shed, building and poker machine upgrades were the major contributing items that added to the depreciation expense. Increases to course maintenance was another factor for its poor profitability.

During the year the group made lots of changes to improve facilities. Of course, maintenance is always an expense every year to maintain the buildings in good condition. Controlling costs remains one of the most critical challenges in building maintenance. We want our buildings to remain attractive and competitive in the market but as the facilities ages, money needs to be spent. We try to keep it all in house with our facility manager, however we often need works to be outsourced.

Depreciation costs across the group was the biggest rise in expenses this year - \$349,127 increase. The group completed large scale improvements (buildings and equipment) before and post flood. The depreciation expense will be higher in coming years as we write off the cost over the life of the improvement. Other increases were insurance as a direct result of flood claims in 2017, the liability of the Mortality scheme increase of \$60,836.

The club is actively improving digital reporting, reducing paperwork, refining administrative tasks and streamlining operations. Over the past few years the club has reduced costs by introducing digital reporting to members, saving printing costs, postage and paper usage. I urge members to give us email addresses when next renewing membership so we can keep you up-to-date with coming entertainment, annual reports and notices.

Our objective in the past 3-4 years has been our approach to CCTV camera technology. Our cameras have improved compared to the old analogue systems. The new HD cameras give us better images so we can detect fraud, thefts and incidents much easier. Cameras are strategically placed to keep our members safe from harm and provide footage to police to crack down on thefts. The protection of our staff and members is our upmost high priority. Positioning CCTV cameras in public areas, high traffic areas and establishing restricted back of house access areas is of the upmost importance. We are now even looking at facial recognition technology.

From a practical perspective, our professional management team and staff make a real difference by being diligent in performing their duties and working together in a collaborative manner to make your experience memorable. I acknowledge the efforts, commitment of my management and staff - I genuinely thank-you.

Finally, just as the board have demonstrated their commitment to development and support to the club industry, I urge all members to show their commitment by engaging with and actively supporting your club. I would like to acknowledge the 9 board members who have put themselves forward - an indication that there are members who care and want to be involved. I would like to particularly thank Ian Harmon our new President who gives a significant contribution to the club industry.

SM Bortolin

Group General Manager

5th August 2019



The Lismore & District Workers Club Limited

ABN 72 000 919 406

Financial Statements

For the Year Ended 30 June 2019

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Contents

For the Year Ended 30 June 2019

	Page
Financial Statements	
Directors' Report	1
Independent Audit Report	7
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	9
Directors' Declaration	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Report

30 June 2019

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

1. General Information

Directors

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

Names	Position	
I T Harmon	President	
J Eather	Vice President	Appointed: 17/09/2018
B G Lampard	Treasurer	
V F Stanford		
P A Warren		
B MacDonald		
M T Thompson		
K Keevers		
M Knight		Appointed: 17/09/2018
R J Mackney		Ceased: 17/09/2018
P Walker		Ceased: 17/09/2018

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Stephen M Bortolin.

Mr Bortolin was appointed company secretary on 27 November 2002.

Objectives

The long and short term objectives of The Lismore & District Workers Club Limited are to ensure that the company's financial position remains sound in both the short and long term so that members and patrons can enjoy their club for years to come.

Strategy

The strategy that the company employs to achieve those objectives is to:

- (i) carefully monitor income and expenditure to improve operating profit;
- (ii) introduce new ideas that will attract more people to the club to improve income streams;
- (iii) promote the above objectives at every opportunity; and

look at commercial opportunities that will improve the company's asset base and provide additional income on a long term basis for the company.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Report

30 June 2019

1. General Information

Achieving Entity's Objectives

The principal activities assisted in achieving the company's objectives are by providing the best facilities and by continually looking at ways to attract participants in the social and sporting activities. This has provided the company with an excellent source of income so the company continues to make improvements and remain viable into the future. The company has to ensure that it continues to provide a quality venue for members and visitors to enjoy socially and has promoted its facilities to sporting organisations and visitors in the Lismore district.

Measurement of Performance

The Lismore & District Workers Club Limited measures its performance by profit and patron satisfaction. Performance is also measured against budget forecasts. Key performance indicators used by the company in monitoring performance include review of gross profit, profit to turnover and profit to income percentages.

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

I T Harmon

Qualifications	Retired Police Officer
Experience	Board Member 12 years
Special responsibilities	President

J Eather

Qualifications	Retired Duty Manager
Experience	Board Member 1 year
Special responsibilities	Vice President

B G Lampard

Qualifications	Retired Company Manager
Experience	Board Member 16 years, Treasurer 6 years
Special responsibilities	Treasurer

V F Stanford

Qualifications	Administrative Officer
Experience	Board Member 9 years, Previous Vice President 2 years

P A Warren

Qualifications	Retired Bank Manager
Experience	Board Member 7 years

B MacDonald

Qualifications	Teacher
Experience	Board Member 7 years

M T Thompson

Qualifications	Retired Builder
Experience	Board Member 7 years, Previous Board Member 33 years, Previous President 18 years

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Report

30 June 2019

1. General Information

Information on Directors

K Keevers

Qualifications

Accountant

Experience

Board Member 5 years

M Knight

Qualifications

Financial Planner

Experience

Board Member 1 year

R J Mackney

Qualifications

Retired Civil Contractor

Experience

Board Member 13 years, Previous President 11 years

P Walker

Qualifications

Retired Club Manager

Experience

Board Member 3 years

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Financial review

(a) Summary of Performance

				2019	2018
	Main Club	Golf Club	Sports Club	Total	Total
	\$	\$	\$	\$	\$
Gross Revenue	12,894,941	1,384,290	2,726,477	17,005,709	16,649,680
Expenses	(12,571,402)	(1,527,023)	(2,696,597)	(16,795,022)	(16,002,792)
Operating Profit/(Loss)	323,539	(142,733)	29,880	210,687	646,888

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Future Developments, Prospects and Business Strategies

There are no planned changes in the operations of the company which will significantly affect the results of the operations in financial years.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Report

30 June 2019

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2019 has been received and can be found on page 9 of the financial report.

Directors Benefits

No directors have a financial interest in any contract or proposed contract with the company.

In accordance with Chapter 2E of the Corporations Act, Since the end of the previous financial year, except for minor services rendered in the ordinary course of business, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or receivable by directors shown in the notes to the financial statements or the fixed salary of a fulltime employee of the company) by reason of a contract made by the company or a related corporation with the director or with a firm of which they are a member or with a company in which they have a substantial financial interest.

3. Director Information

Meetings of Directors

During the financial year, 12 ordinary and 1 special meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
I T Harmon	12	12	1	1
J Eather	10	10	-	-
B G Lampard	12	12	1	1
V F Stanford	12	11	1	1
P A Warren	12	11	1	-
B MacDonald	12	12	1	1
M T Thompson	12	12	1	1
K Keevers	12	6	1	-
M Knight	10	10	-	-
R J Mackney	2	2	1	1
P Walker	2	2	1	1

Directors' Report

30 June 2019

4. Indemnification and Insurance of Officers and Auditors

Indemnification

The company has not, during or since the end of the financial year, for any person who is or has been an officer or auditor of The Lismore & District Workers Club Limited:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer or auditor for costs or expenses to defend legal proceedings with the exception of insurance premiums paid below.

Insurance premiums paid for directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$3,739.

5. Proceedings on Behalf of Company

No leave or proceedings

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

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

6. After Balance Day Events

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

7. Membership Liability

The company is limited by guarantee without share capital. The number of members as at 30 June 2019 is 11,697 (2018: 11,900).

If the company is wound up, the constitution states that each member of the company is liable to contribute a maximum of \$2 each towards meeting any outstanding liabilities of the company. At 30 June 2019 the maximum total amount that members of the company would be liable to contribute if the company is wound up is \$21,602.

8. Real Property

All real property as defined by the section 41J of the *Registered Club Act (NSW) 1976* owned or occupied by The Lismore & District Workers Club Limited is core property. The company does not have any non-core property.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Report

30 June 2019

9. Environmental Issues

The company's operations are subject to various environmental regulations under both Commonwealth and State Legislation.

The board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

10. Dividends Paid or Recommended

The constitution of the company prohibits the distribution of profits to its members. Accordingly, no dividend or distributions were or could be paid to the members.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director: I T Harmon

Director: J Eather

Dated this 5th day of August 2019

The Lismore & District Workers Club Limited

Independent Audit Report to the members of The Lismore & District Workers Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Lismore & District Workers Club Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

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

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

The Lismore & District Workers Club Limited

Independent Audit Report to the members of The Lismore & District Workers Club Limited

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.

WCA Audit & Assurance Services Pty Ltd

Graham J Smith
Director

Dated this 5th day of August 2019

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of The Lismore & District Workers Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, 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.

WCA Audit & Assurance Services Pty Ltd
Authorised Audit Company

Graham J Smith
Director

Dated this 5th day of August 2019

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Directors' Declaration

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

1. The financial statements and notes, as set out on pages 11 to 29, 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 as at 30 June 2019 and of the performance for the year ended on that date of the Company.
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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: I T Harmon

Director: J Eather

Dated this 5th day of August 2019

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue		16,927,968	16,526,541
Finance income		33,119	16,199
Other income		44,622	106,940
Cost of goods sold		(2,442,239)	(2,431,418)
Employee benefits expense		(5,597,435)	(5,414,192)
Depreciation and amortisation expense		(1,942,537)	(1,593,410)
Other expenses		(6,812,726)	(6,563,694)
Finance expenses		(85)	(78)
Profit before income tax		210,687	646,888
Income tax expense		-	-
Total comprehensive income for the year		210,687	646,888

The accompanying notes form part of these financial statements.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,971,021	2,087,907
Trade and other receivables	10	162,613	127,032
Inventories	11	250,616	254,200
Other assets	13	17,831	40,250
TOTAL CURRENT ASSETS		<u>3,402,081</u>	<u>2,509,389</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	20,725,836	21,233,255
TOTAL NON-CURRENT ASSETS		<u>20,725,836</u>	<u>21,233,255</u>
TOTAL ASSETS		<u><u>24,127,917</u></u>	<u><u>23,742,644</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,559,374	1,436,313
Borrowings	15	-	21
Short-term provisions	16	752,086	766,112
Other liabilities	17	19,268	49,193
TOTAL CURRENT LIABILITIES		<u>2,330,728</u>	<u>2,251,639</u>
NON-CURRENT LIABILITIES			
Long-term provisions	16	117,470	112,733
Other liabilities	17	485,046	394,285
TOTAL NON-CURRENT LIABILITIES		<u>602,516</u>	<u>507,018</u>
TOTAL LIABILITIES		<u>2,933,244</u>	<u>2,758,657</u>
NET ASSETS		<u><u>21,194,673</u></u>	<u><u>20,983,987</u></u>
EQUITY			
Retained earnings		<u>21,194,673</u>	<u>20,983,987</u>
TOTAL EQUITY		<u><u>21,194,673</u></u>	<u><u>20,983,987</u></u>

The accompanying notes form part of these financial statements.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July, 2018	20,983,987	20,983,987
Profit/(loss) attributable to members	210,687	210,687
Balance at 30 June 2019	<u>21,194,674</u>	<u>21,194,674</u>

2018

	Retained Earnings	Total
Note	\$	\$
Balance at 1 July, 2017	20,337,099	20,337,099
Profit/(loss) attributable to members	646,888	646,888
Balance at 30 June 2018	<u>20,983,987</u>	<u>20,983,987</u>

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		18,560,705	21,554,532
Payments to suppliers and employees		(16,320,108)	(15,583,082)
Interest received		33,119	16,199
Finance costs		(85)	(78)
Net cash provided by/(used in) operating activities		<u>2,273,631</u>	<u>5,987,571</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		119,919	165,500
Purchase of property, plant and equipment		(1,510,415)	(5,682,905)
Net cash used by investing activities		<u>(1,390,496)</u>	<u>(5,517,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase/(decrease) in cash and cash equivalents held		883,135	470,166
Cash and cash equivalents at beginning of year		<u>2,087,886</u>	<u>1,617,720</u>
Cash and cash equivalents at end of financial year	9	<u><u>2,971,021</u></u>	<u><u>2,087,886</u></u>

The accompanying notes form part of these financial statements.

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

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

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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 (AASB) and the *Corporations Act 2001*. The entity 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 otherwise stated.

The financial statements, with the exception of cashflow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on the 5th of August 2019 by the directors of the entity.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

The Lismore & District Workers Club recognises revenue on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The Company achieves this by identifying all performance obligations, determining an appropriate transaction price and recognising any revenue as and when control of the performance obligation is transferred.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when performance obligations are transferred.

Rendering of services

Revenue from the performance obligation in relation to rendering of services is recognised upon delivery of the service to the customer.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(e) Inventories

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Property

Freehold land and buildings are measured on a cost basis, less subsequent depreciation charges for buildings.

Plant and equipment

Plant and equipment are measured using the at cost or deemed cost, less accumulated depreciation/amortisation and impairment losses.

Plant and equipment - impairment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in the excess of the recoverable amount from the assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discontinued to their present values in determining recoverable amounts.

In assessing value in use, the company has used depreciated replacement cost since the company is a not for profit entity where the future economic benefits of its assets are not primarily dependent on the assets ability to generate net cash inflows and the company would, if deprived of the asset, replace its remaining future economic benefits.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Company commencing the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or their estimated useful life of the improvement.

The depreciation rates used for each class of depreciable asset are shown below:

Class of fixed asset	Depreciation rate
Buildings	1.5% - 2.5%
Plant and equipment	5.0% - 20.0%
Leased plant and equipment	15.0% - 33.3%
Motor vehicles	10.0% - 30.0%
Poker machines at cost	10.0% - 20.0%

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 included in the statement of profit and loss.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset.

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit and loss' in which case transactions costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

Classification and subsequent measurement

Financial assets other than those designated and effective as hedging instruments are classified upon initial recognition into the following categories:

- amortised cost
- equity instruments at fair value through other comprehensive income
- equity instruments at fair value through profit or loss

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which are disclosed with other expenses.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset
- the business model for managing the financial asset

Financial assets at amortised cost

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

- the financial asset is managed solely to collect contractual cash flows
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(h) Financial instruments

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit and loss.

Non-derivative financial liabilities other than financial grantees are subsequently measured at amortised cost using the effective interest method. All interest related charges and, if applicable, changes in the instruments fair values that are reported in profit or loss are included within finance costs or finance income.

Impairment of financial assets

The impairment requirements as applicable under AASB 9 use more forward looking information to recognise expected credit losses. Executed credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

(i) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

3 New Accounting Standards and Interpretations Adopted During the Year

AASB 9 - Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets. The most significant impact of the replacement of AASB 139 by AASB 9 for the company has been the reclassification of assets previously determined as "held to maturity" to now be classified as "amortised cost". There has been no material impact on the financial statements as a result of adopting this standard.

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 New Accounting Standards Issued and Not Yet Effective

AASB 16 - Leases

AASB 16 Leases will replace AASB 117 Leases and other related interpretations. The new lease standard will be effective from the annual reporting period commencing 1 July 2019. Although early adoption is permitted, the entity has not early adopted this standard or any other standards, interpretations or amendments that have been issued, but are not yet effective.

All leases should be recognised on the balance sheet at inception of the lease, with the exception of short-term leases (less than 12 months) and leases of low-value assets. The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the lease payments. Subsequent to this initial measurement, the right-of-use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term. In addition, the entity intends to apply AASB 16 using the modified retrospective approach under paragraph C8(b)(ii), along with practical expedients permitted by the standard.

Although depreciation on the right-of-use asset will be recorded on a straight-line basis, the total periodic expense (i.e., the sum of interest and depreciation expenses) will be generally higher in the early periods and lower in the later periods. As a constant, the interest rate is applied to the lease liability, interest expenses decrease as lease payments are made during the lease term and the lease liability decreases. This trend in the interest expense, combined with straight-line depreciation of the right-of-use asset, results in a front-loaded expense recognition pattern.

Upon initial application of AASB 16 on 1 July 2019, the entity estimates that the modified retrospective approach will result in a right-of-use asset of \$250,831.12 and lease liability of \$250,831.12 measured, at the present value of the remaining lease payments using the lessee's respective incremental borrowing rate. As the golf course is maintained on a perpetual term, published amendments to AASB 16 temporarily relieve the requirements for applying the standard against this lease. Therefore, no lease liability or right-of-use assets to be recognised. The entity also estimates that there will be an impact to retained earnings of \$Nil.

AASB 15 - Revenue from contracts with customers

The impact of adopting AASB 15 *Revenue from Contracts with Customers* would result in no significant impact to the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

5 Critical Accounting Estimates and Judgments

The directors make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - other liabilities

Following closure of the Mortality Fund to new entrants in January 2011, the company engaged the services of an actuary to determine the future quantum of the company's liability to the members of the Mortality Fund. The company will continue to have its future liability to provide mortality benefits to members of the Mortality Fund referenced to an actuarial determination.

6 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Sales revenue		
- Sale of goods	5,669,260	5,374,326
- Poker machine revenue	9,709,823	9,405,001
- Other gaming and promotions	606,482	598,384
- Interest received	33,119	16,199
- Member subscriptions	350,113	364,019
- Other revenue	592,289	784,812
- Net gain on disposal of property, plant and equipment	44,622	106,940
	17,005,708	16,649,681
Total Revenue	17,005,708	16,649,681

Notes to the Financial Statements

For the Year Ended 30 June 2019

7 Expenses

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Cost of sales	2,442,239	2,431,418
Other expenses:		
Employee benefits expense	5,597,435	5,414,192
Depreciation and amortisation expense	1,942,537	1,593,410
Bar expenses	239,246	291,408
Gaming expenses	2,368,662	2,254,387
Catering and promotion expenses	1,108,424	1,137,202
Other expenses	3,096,394	2,890,697
Finance expenses	85	78
Total Expenses	16,795,022	16,012,792

8 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2019	2018
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018: 30%)	63,206	194,066
Add:		
Tax effect of:		
	63,206	194,066
Less:		
Tax effect of:		
- non-taxable member income, non-deductible expenses and member related expenses	63,206	188,975
- recoupment of prior year tax losses not previously brought to account	-	5,091
Income tax expense	-	-

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	340,498	340,498
Bank balances	627,576	747,409
Short-term deposits	2,002,947	1,000,000
	<u>2,971,021</u>	<u>2,087,907</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	2,971,021	2,087,907
Bank overdrafts	15 -	(21)
Balance as per statement of cash flows	<u>2,971,021</u>	<u>2,087,886</u>

10 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	11,654	11,432
	<u>11,654</u>	<u>11,432</u>
Other receivables	150,959	115,600
Total current trade and other receivables	<u>162,613</u>	<u>127,032</u>

(a) Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. not withstanding adopting the simplified approach under AASB 9, there has been no material change in the loss allowance provisions as at 30 June 2019 incorporating forward looking information.

11 Inventories

	2019	2018
	\$	\$
CURRENT		
At cost:		
Other inventories for sale	250,616	254,200
	<u>250,616</u>	<u>254,200</u>

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Property, plant and equipment

	2019 \$	2018 \$
LAND AND BUILDINGS		
Land and Buildings at cost	21,269,944	20,931,390
Accumulated depreciation	(6,460,799)	(5,990,800)
Total land and buildings	14,809,145	14,940,590
PLANT AND EQUIPMENT		
At cost	5,657,050	5,402,887
Accumulated depreciation	(2,932,343)	(2,458,703)
Total plant and equipment	2,724,707	2,944,184
Capitalised Leased Assets at cost	242,858	242,858
Accumulated depreciation	(242,858)	(242,858)
Total leased plant and equipment	-	-
Motor Vehicles at cost	43,930	43,930
Accumulated depreciation	(36,718)	(35,223)
Total motor vehicles	7,212	8,707
Poker Machines at cost	8,211,717	8,066,355
Accumulated depreciation	(5,026,945)	(4,726,580)
Total poker machines	3,184,772	3,339,775
Total plant and equipment	5,916,691	6,292,666
Total property, plant and equipment	20,725,836	21,233,256

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Property, plant and equipment Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings \$	Plant and Equipment \$	Motor vehicles \$	Poker machines at cost \$	Total \$
Year ended 30 June 2019					
Balance at the beginning of year	14,940,591	2,944,183	8,707	3,339,775	21,233,256
Additions	338,553	254,164	-	917,697	1,510,414
Disposals - written down value	-	-	-	(75,297)	(75,297)
Depreciation expense	(469,999)	(473,640)	(1,495)	(997,403)	(1,942,537)
Balance at the end of the year	14,809,145	2,724,707	7,212	3,184,772	20,725,836

13 Other Assets

	2019 \$	2018 \$
CURRENT		
Prepayments	17,831	40,250

14 Trade and Other Payables

	Note	2019 \$	2018 \$
Current			
Trade payables		875,669	822,451
Sundry payables and accrued expenses		487,640	434,882
Amounts receivable in advance		175,174	159,680
Sports trust account		20,892	19,301
		1,559,375	1,436,314

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

15 Borrowings

	2019 \$	2018 \$
CURRENT		
Secured liabilities:		
Bank overdraft	-	21
	-	21
Total current borrowings	-	21

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

16 Provisions

	2019	2018
	\$	\$
CURRENT		
Employee benefits	721,636	733,686
Unclaimed loyalty points	30,450	32,426
	<u>752,086</u>	<u>766,112</u>
	2019	2018
	\$	\$
NON-CURRENT		
Employee benefits	117,470	112,733
	<u>117,470</u>	<u>112,733</u>

	Short-term employee benefits	Long-term employee benefits	Unclaimed loyalty points	Total
	\$	\$	\$	\$
Current				
Opening balance at 1 July, 2018	733,686	112,733	32,426	878,845
Additional provisions	330,509	4,737	54,252	389,498
Provisions used	(342,559)	-	(56,228)	(398,787)
Balance at 30 June, 2019	<u>721,636</u>	<u>117,470</u>	<u>30,450</u>	<u>869,556</u>

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 Other Liabilities

	2019	2018
	\$	\$
CURRENT		
Members mortality scheme	19,268	49,193
	<u>19,268</u>	<u>49,193</u>
	2019	2018
	\$	\$
NON-CURRENT		
Members mortality scheme	485,046	394,285
	<u>485,046</u>	<u>394,285</u>

18 Capital and Leasing Commitments

(a) Operating Lease Commitments

	2019	2018
	\$	\$
Payable - minimum lease payments		
- not later than one year	32,187	54,300
- between one year and five years	66,496	103,074
- greater than five years	1,084,105	1,101,430
	<u>1,182,788</u>	<u>1,258,804</u>

The operating leases relate to land at the Sports Club, Golf Course and some grounds machinery at the Golf Club.

19 Key Management Personnel Remuneration

The total compensation paid to key management personnel is as follows:

	2019	2018
	\$	\$
Directors	34,418	38,466
Other Key Management Personnel	373,991	355,985
	<u>408,409</u>	<u>394,451</u>

The total remuneration paid to key management personnel of the Company is \$ 408,409 (2018: \$ 394,451).

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Related Party Transactions

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

I T Harmon
J Eather
B G Lampard
V F Stanford
P A Warren
B MacDonald
M T Thompson
K Keevers
M Knight
R J Mackney
P Walker

From time to time the directors of the company, or director related entities may purchase/supply goods or services from/to the company. These purchases/supplies are on the same terms and conditions as those entered into by other company employees, members, customers or suppliers.

21 Financial Risk Management

Financial Risk

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts and leases.

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

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	2,971,021	2,087,907
Trade and other receivables	162,613	127,032
Total financial assets	3,133,634	2,214,939
Financial Liabilities		
Trade and other payables	1,559,375	1,436,314

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 05 August 2019 by the board of directors.

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

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Notes to the Financial Statements

For the Year Ended 30 June 2019

23 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee, without share capital. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding liabilities of the Company. At 30 June 2019, the number of members was 11,697.

THE LISMORE & DISTRICT WORKERS CLUB LIMITED

ABN 72 000 919 406

DETAILED INCOME STATEMENT SUMMARY FOR THE YEAR ENDED 30TH JUNE 2019

	Main Club		Golf Club		Sports Club		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Income								
Bar Sales	1,519,765	1,371,482	515,586	523,848	590,680	640,855	2,626,031	2,536,185
Catering	2,346,632	2,177,088	97,518	12,817	619,076	648,236	3,063,226	2,838,141
Poker Machine Revenue	8,241,132	7,776,109	152,037	153,996	1,316,655	1,474,896	9,709,823	9,405,001
Promotions	187,496	206,460	11,547	12,216	80,078	75,458	279,121	294,134
TAB/Keno	208,659	193,440	11,759	13,011	86,946	97,798	307,364	304,249
Other Revenue	358,142	644,710	595,843	569,018	33,042	42,043	987,027	1,255,771
Interest Received	33,119	16,199	-	-	-	-	33,119	16,199
Total Income	12,894,944	12,385,490	1,384,290	1,284,906	2,726,477	2,979,286	17,005,712	16,649,682
Operating Expenses (before Interest, Depreciation, Rent & Donations):								
Cost of Goods Sold	1,552,319	1,499,121	317,473	278,948	550,322	627,168	2,420,113	2,405,237
Entertainment Expenses & Promotion	913,805	974,940	38,052	41,591	222,034	205,660	1,173,891	1,222,191
Repairs & Maintenance	233,682	233,618	71,718	51,283	46,782	46,509	352,182	331,410
Salaries & Wages	3,668,792	3,498,953	505,203	403,751	871,737	931,474	5,045,733	4,834,178
Superannuation Expense	391,967	416,897	52,373	41,834	65,468	68,223	509,807	526,954
Other Expenses	4,100,699	3,773,938	369,405	366,317	615,878	684,247	5,085,982	4,824,502
Total Operating Expenses	10,861,264	10,397,467	1,354,225	1,183,724	2,372,221	2,563,281	14,587,709	14,144,472
Earnings Before Interest, Tax, Depreciation, Rent & Donations (EBITDARD)	2,033,680	1,988,023	30,066	101,182	354,256	416,005	2,418,003	2,505,210
Interest	85	78	-	-	-	-	85	78
Depreciation	1,537,340	1,235,019	111,702	99,470	293,495	258,921	1,942,537	1,593,410
Rentals	1,647	1,599	61,096	61,832	16,426	15,963	79,169	79,394
Donations	171,066	168,139	-	-	14,456	17,300	185,522	185,439
Total Other	1,710,138	1,404,834	172,798	161,302	324,377	292,184	2,207,313	1,858,320
Net Profit/(Loss)	323,542	583,189	(142,732)	(60,120)	29,879	123,821	210,687	646,890
Less: Income Tax Expense							-	-
Net Profit/(Loss) after Income Tax							210,687	646,890