



2021 Annual Report

ANNUAL GENERAL MEETING 2021

NOTICE is hereby given of a General Meeting of **THE ILLAWARRA MASTER BUILDERS' CLUB LIMITED** to be held on **Sunday 12 December 2021** commencing at **9.30am** (**The Club will open at 9.00am only for those attending the AGM**) at the premises of the Club, Church Street, Wollongong, New South Wales

Agenda

1. Present
2. Apologies
3. Minutes of previous annual meeting to be received
4. Business arising from minutes
5. Adoption of minutes
6. Presidents report
7. Auditors report and financial statements
8. Appointment of auditors
9. Election of Officers
10. Consideration of the proposed ordinary resolution
11. General Business

NOTICE OF PROPOSED ORDINARY RESOLUTION

Pursuant to the Registered Clubs Act the members hereby approve the following payments and benefits and agree that these payments and benefits are not available to members generally but only to those who are elected as members of the Committee of The Club and the other persons referred to below:

- (a) The payment of the sum of \$10000 to the Chairman of the Committee and the sum of \$1000 to each of the other members of the Committee elected at the Annual General Meeting held on 25 October 2020
- (b) The reasonable expenses incurred by members of the Committee for travelling in relation to their duties as members of the Committee and as approved by the Committee from time to time provided such expenses are supported by the production of invoices, receipts or other documentary evidence of such expenditure.
- (c) The reasonable cost of members of the Committee attending the Annual General Meeting and Trade Conference of Clubs NSW or other seminars, lectures, trade displays and other similar events as may be determined by the Committee from time to time.
- (d) The reasonable cost of members of the Committee attending other registered Clubs for the purpose of viewing and assessing the facilities of those clubs and methods of operation, provided such attendances are approved by the Committee as being necessary in the interests of the Club.
- (e) The provision of a suitably inscribed Club blazer and uniform for each member of the Committee.
- (f) Each member of the Committee is entitled to the use of a designated car parking space in the Club's car park.
- (g) The reasonable cost of a meal and refreshments for each member of the Committee immediately before, during or immediately after a Committee meeting.
- (h) The reasonable costs of each member of the Committee and their spouse/partner attending Dinners and other Club or Industry Functions where appropriate and required to represent the Club.
- (i) The reasonable costs of each Honorary Life Member and member of the Committee and their spouse/partner attending an Annual Dinner at the Club.

**MINUTES OF ANNUAL GENERAL MEETING HELD SUNDAY
25TH OCTOBER 2020**

MEETING OPENED: 9.30AM

| | |
|--|---|
| PRESENT | 65 eligible members |
| APOLOGIES | Brian Dore Moved Julie Anne Green (1892) and Seconded Val Leiner (8391) that apology be accepted. |
| MINUTES OF PREVIOUS AGM | Minutes of Previous Annual General Meeting presented. Moved Darcy Baker (3099) and Seconded Vince Weine (13625) that the minutes of the 2019 Annual General Meeting be accepted. |
| BUSINESS ARISING | No Business arising |
| PRESIDENTS REPORT | President presented his report. Moved Larry Matthews (50) and Seconded David Eddy (7) that the Presidents report be adopted. |
| AUDITORS REPORT & BALANCE SHEET | Moved Darcy Baker (3099) and Seconded Larry Matthews (50) that the Auditors Report be adopted. |
| APPOINTMENT OF AUDITORS | Moved Vince Weine (13625) and Seconded Dianne Burns (83) that Ian Brown be re-appointed Auditor for the 2020/2021 year. |

**MINUTES OF ANNUAL GENERAL MEETING HELD SUNDAY
25TH OCTOBER 2020**

Proposed Resolution

Moved Larry Matthews (50) and Seconded Vince Weine (13625)
that:

Pursuant to the Registered Clubs Act the members hereby approve the following payments and benefits and agree that these payments and benefits are not available to members generally but only to those who are elected as members of the Committee of The Club and the other persons referred to below:

- (a) The payment of the sum of \$10000 to the Chairman of the Committee and the sum of \$1000 to each of the other members of the Committee elected at the Annual General Meeting held on 21 October 2019
- (b) The reasonable expenses incurred by members of the Committee for travelling in relation to their duties as members of the Committee and as approved by the Committee from time to time provided such expenses are supported by the production of invoices, receipts or other documentary evidence of such expenditure.
- (c) The reasonable cost of members of the Committee attending the Annual General Meeting and Trade Conference of Clubs NSW or other seminars, lectures, trade displays and other similar events as may be determined by the Committee from time to time.
- (d) The reasonable cost of members of the Committee attending other registered Clubs for the purpose of viewing and assessing the facilities of those clubs and methods of operation, provided such attendances are approved by the Committee as being necessary in the interests of the Club.
- (e) The provision of a suitably inscribed Club blazer and uniform for each member of the Committee.
- (f) Each member of the Committee is entitled to the use of a designated car parking space in the Club's car park.
- (g) The reasonable cost of a meal and refreshments for each member of the Committee immediately before, during or immediately after a Committee meeting.
- (h) The reasonable costs of each member of the Committee and their spouse/partner attending Dinners and other Club or Industry Functions where appropriate and required to represent the Club.
- (i) The reasonable costs of each Honorary Life Member and member of the Committee and their spouse/partner attending an Annual Dinner at the Club.

**ELECTION OF
OFFICERS**

Under the triennial rule three positions are up for election from Group 2

Senior Vice President John Carr elected unopposed
Junior Vice President – Rik McCann elected unopposed
General Committee Builder member– John Dowling elected unopposed

GENERAL BUSINESS

No General Business

MEETING CLOSED 9.42 AM

Presidents report 2021

Last year I wrote that 2020 will go down in history as the most turbulent year the Club has ever faced, that may be true, however 2021 comes in at a very close second.

As you will recall we opened the “New” Builders Club on September 21, 2020, and the feedback on our new club has been nothing short of exceptional. The popularity of our new Club can be quantified by our increased membership and our increased revenue, particularly our food and beverage. I may be a little biased, but I feel, along with many of you that our Legends Sports bar would be the best sports bar I have ever seen.

In February this year our “New” Stonegrill Steakhouse and Cocktail bar were open and once again the feedback to these areas has been extremely positive.

On 26 June we were forced by the NSW Government to once again close due to the Covid-19 pandemic. This closure once again caused extreme uncertainty within our industry, however we managed to get through it and on 11 October we were allowed to re-open, albeit with certain restrictions and capacity limits imposed on us.

I would particularly like to thank our management team headed by Richard Bone and all our loyal staff for helping us to pull through this very uncertain time.

Since our October 11 re-opening, i am please to report that once again we are seeing a major increase in revenue across all areas of the Club, and this makes me very confident for our Club to thrive into the future.

This confidence of success for our Club can be contributed to having a stable Board, Loyal and hardworking staff and Club facilities that are second to none.

To you our members, thank you for supporting your club, you make me very proud and grateful to serve once again as your president.

In March this year we lost a very special member and loveable larrikin of the club in Charles Goodwin. Charlie was a life member, past Club President for 25 years and club director for 40 years. Charlie loved the Club and will fondly be remembered by us all.

Finally, I would like to express my sincere condolences to all those that have lost loved ones this past year and wish those that are unwell a speedy recovery.

Brian Burns

President

REPORT OF THE DIRECTORS YEAR ENDED 30 JUNE 2021

Directors

The names of directors in office during the year or to the date of this report are:

| | | |
|--------------|----------------|--|
| Brian Burns | Builder | President & Director for 46 years |
| John Carr | Retired Valuer | Snr Vice President & Director 37 years |
| Rikki McCann | Builder | Jnr Vice President & Director for 5 years |
| Paul Burns | Builder | Treasurer & Director for 13 years |
| Peter Leiner | Hospitality | Director for 6 years |
| John Dowling | Builder | Director for 4 years |
| Brian Dore | Retired | Director for 2 years |

Attendance Record of Meetings Held in the Past Year of Office

There were 10 meetings held during the year and the personal attendance records of the Directors are set out below:

| | <u>Eligible</u> | <u>Attended</u> |
|--------------|-----------------|-----------------|
| Brian Burns | 10 | 10 |
| John Carr | 10 | 10 |
| Paul Burns | 10 | 8 |
| Peter Leiner | 10 | 10 |
| Rikki McCann | 10 | 5 |
| John Dowling | 10 | 10 |
| Brian Dore | 10 | 10 |

Objectives

Short term: The objectives of Illawarra Master Builders Club Ltd are to maintain, and continually develop, a modern social and entertainment venue providing a high level of service consistent with the expectations of members, guests and visitors to the Club.

Long term: To maintain the ongoing financial viability of the Club and to continue to support

sporting activities and provide financial and in-kind support to other community and welfare organization

Strategy for achieving the objectives

The principal strategies of The Illawarra Master Builders Club Ltd include

- Offering a broad range of entertainment and social activity;
- Maintaining high levels of customer service;
- Providing a safe and rewarding working environment for Club staff;
- Pursuing new marketing opportunities; and
- Maximising return from property holdings

Principal Activities

The Club has in the course of the financial year continued to carry on its normal activities as a Registered Club, except that Club's revenue was severely impacted when it closed from 26 June 2021 due to the Covid-19 trading restrictions imposed by the NSW government.

The Club commenced restricted trading activities from 11 October 2021. At the date of this report, the directors are unable to quantify the effect of Covid-19 restrictions on future trading activities of the Club.

Performance measurement and key performance indicators

Performance is compared regularly against relevant industry and internal benchmarks to assess the performance of strategic initiatives, and to measure the effectiveness in achieving short and long term objectives.

Contributions on winding up

The Club is a public company limited by guarantee, and in accordance with the club's constitution, the liability of members in the of the club being wound up would not exceed \$2 per member. The total amount that members of the company are liable to contribute if the company is wound up is \$27,498 based on 13,749 current members

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and a copy of the declaration is attached to this report.

Dated: 12 November 2021

Director: Brian Burns

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE ILLAWARRA MASTR
BUILDERS CLUB LIMITED**

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

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

Dated: 12 November 2021

Ian Charles Brown

Registered Company Auditor (1166)

HLB Mann Judd Wollongong65

Kembla Street

Wollongong NSW 2500

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

DIRECTORS' DECLARATION YEAR ENDED 30 JUNE 2021

In the director's opinion:

1. The attached financial statements and notes comply with the Corporations Act 2001, the Australian accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and performance for the financial year ended on that date; and
3. There are reasonable grounds to believe 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.

Dated: 12 November 2021

Director: Brian Burns

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

INDEPENDENT AUDITORS

REPORT FOR THE YEAR ENDED

30 JUNE 2021

To the Members of Illawarra Master Builders Club Limited

Auditors Opinion

I have audited the financial report of Illawarra Master Builders Club Limited (“the Company”) which comprises the statement of financial position as at 30 June 2021, 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 my opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 ability of the Company 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.

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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 this financial report

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

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

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ian Charles Brown

Registered Company Auditor (1166)

HLB Mann Judd Wollongong 65

Kembla Street

Wollongong NSW 2500

Date: 12 November 2021

ILLAWARRA MASTER BUILDERS CLUB LIMITED
ABN 58 001 029 492

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

| | NOTE | 2021 | 2020 |
|---|------|----------------|------------------|
| Revenue | (2) | 12,647,860 | 9,576,290 |
| Bar and Catering Expenses | | (4,436,435) | (3,260,956) |
| Gaming Expenses | | (3,064,296) | (2,902,153) |
| Other Human Resource Costs | | (1,459,391) | (1,115,417) |
| Other Promotional Costs | | (334,832) | (864,068) |
| Finance Costs | | (349,789) | (8,049) |
| Other Expenses | | (2,094,017) | (1,917,159) |
| Profit/(Loss) before Income Tax | | 909,100 | (491,512) |
| Income Tax Expense | (4) | - | - |
| Total Comprehensive Income/(Loss) for the Year | | 909,100 | (491,512) |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

| | Retained Earnings | Asset Revaluation Reserve |
|--------------------------------------|----------------------|---------------------------------|
| Balance at 1 July 2019 | 20,973,846 | 9,692,113 |
| Operating Profit/(Loss) for the Year | (491,512) | |
| Balance at 30 June 2020 | 20,482,334 | 9,692,113 |
| Operating Profit/(Loss) for the Year | 909,100 | |
| Balance at 30 June 2021 | 21,391,434 | 9,692,113 |

The accompanying notes form part of these financial statements.

ILLAWARRA MASTER BUILDERS CLUB LIMITED
ABN 58 001 029 492

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| | NOTE | 2021 | 2020 |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | (5) | 1,107,238 | 1,110,599 |
| Trade and Other Receivables | (6) | 17,371 | 238,151 |
| Inventories | (7) | 217,951 | 84,115 |
| Other Current Assets | (8) | 300,135 | 50,520 |
| TOTAL CURRENT ASSETS | | <u>1,642,695</u> | <u>1,483,385</u> |
| NON-CURRENT ASSETS | | | |
| Property ,Plant & Equipment | (9) | 42,889,012 | 32,502,751 |
| Intangibles | (10) | 207,411 | 207,411 |
| TOTAL NON-CURRENT ASSETS | | <u>43,096,423</u> | <u>32,710,162</u> |
| TOTAL ASSETS | | <u>44,739,118</u> | <u>34,193,547</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other Payables | (11) | 914,529 | 794,878 |
| Financial Liabilities | (12) | 420,228 | 119,309 |
| Short Term provisions | (13) | 409,284 | 313,671 |
| TOTAL CURRENT LIABILITIES | | <u>1,744,041</u> | <u>1,227,858</u> |
| NON-CURRENT LIABILITIES | | | |
| Trade and other Payables | (11) | - | 272,165 |
| Financial Liabilities | (12) | 11,826,432 | 2,421,210 |
| Long Term Provisions | (13) | 85,098 | 97,867 |
| TOTAL NON-CURRENT LIABILITIES | | <u>11,911,530</u> | <u>2,791,242</u> |
| TOTAL LIABILITIES | | <u>13,655,571</u> | <u>4,019,100</u> |
| NET ASSETS | | <u>31,083,547</u> | <u>30,174,447</u> |
| EQUITY | | | |
| Asset Revaluation Reserve | | 9,692,113 | 9,692,113 |
| Retained Earnings | | 21,391,434 | 20,482,334 |
| TOTAL EQUITY | | <u>31,083,547</u> | <u>30,174,447</u> |

The accompanying notes form part of these financial statements.

ILLAWARRA MASTER BUILDERS CLUB LIMITED
ABN 58 001 029 492

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| | 2021 | 2020 |
|--|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Members, Visitors and Government | 12,868,636 | 9,500,357 |
| Payments to Suppliers and Employees | (10,804,101) | (8,373,413) |
| Interest Received | 4 | 20,494 |
| Finance Costs | (349,789) | (8,049) |
| Income Tax Paid | <u>-</u> | <u>(180,698)</u> |
| Net Cash Provided by Operating Activities | (3) <u>1,714,750</u> | <u>958,691</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | <u>(11,424,252)</u> | <u>(11,008,351)</u> |
| Net Cash Provided in Investing Activities | <u>(11,424,252)</u> | <u>(11,008,351)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Borrowings | 10,212,631 | 2,421,210 |
| Repayment of Borrowings | <u>(506,490)</u> | <u>(225,083)</u> |
| Net Cash used in Financing Activities | <u>9,706,141</u> | <u>2,196,127</u> |
| Net Increase in Cash Held | (3,361) | (7,853,533) |
| Cash at the Beginning of the Financial Year | 1,110,599 | 8,964,132 |
| Net Cash at the End of the Financial Year | <u>1,107,238</u> | <u>1,110,599</u> |

The accompanying notes form part of these financial statements.

ILLAWARRA MASTER BUILDERS CLUB LIMITED
ABN 58 001 029 492

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted.

The company has early adopted AASB 1053 "Application of Tiers of Australian Accounting Standards" and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any impact of the financial performance or position of the company. The following Accounting Standards and Interpretations are most relevant to the company:

AASB 1053 Application of Tiers of Australian Accounting Standards

The company has early adopted AASB 1053 from 1 July 2012. This standard establishes a different financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurement requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The company has early adopted AASB 2010-2 from 1 July 2012. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

Basis of Preparation

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply.

ILLAWARRA MASTER BUILDERS CLUB LIMITED
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Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) 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 losses

Property

Freehold land and buildings are measured on their fair value basis (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves direct in equity; all other decreases are charged to the income statement.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

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

| Class of Fixed Assets | Depreciation Rate % |
|-----------------------|---------------------|
| Buildings | 2 |
| Poker Machines | 20 & 25 |
| Plant and Equipment | 7.5 to 20 |

ILLAWARRA MASTER BUILDERS CLUB LIMITED
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(b) Inventories

Inventories consist mainly of bar supplies and promotional items and are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis, and does not include any overhead expenses

(c) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(d) Income Tax

The Club pays income tax on income derived other than from members.

Income tax expense for the year ended 30 June 2021 is detailed at Note 4.

(e) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits at call with the bank, net of bank overdraft.

(f) Comparative Figures

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

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (except where stated). Receivables and payables in the statement of financial position are shown inclusive of GST.

ILLAWARRA MASTER BUILDERS CLUB LIMITED
ABN 58 001 029 492

| | 2021 | 2020 |
|--------------------------------------|--------------------------|-------------------------|
| NOTE 2. REVENUE | | |
| Gaming | 6,391,305 | 5,471,754 |
| Bar and Catering | 4,830,258 | 3,037,451 |
| Profit on Sale of Non Current Assets | 16,364 | - |
| Entertainment Income | 53,707 | 233,636 |
| Rent Received | 55,318 | 59,606 |
| Commissions | 180,892 | 173,080 |
| Members Subscriptions | 72,652 | 41,393 |
| Other Income | 28,960 | 2,103 |
| Government Subsidies | 1,018,400 | 536,773 |
| Interest Received | <u>4</u> | <u>20,494</u> |
| | <u><u>12,647,860</u></u> | <u><u>9,576,290</u></u> |

NOTE 3. RECONCILIATION OF NET CASH PROVIDED FROM OPERATIONS WITH PROFIT

| | | |
|---|-------------------------|-----------------------|
| Profit/(Loss) | 909,100 | (491,512) |
| <u>Non-Cash Flows in Profit</u> | | |
| Depreciation | 1,037,991 | 1,110,931 |
| <u>Changes in Assets and Liabilities</u> | | |
| Decrease/(Increase) in Receivables | 220,780 | (55,439) |
| Decrease/(Increase) in Inventories | (133,836) | 78,338 |
| Decrease/(Increase) in Other Current Assets | (249,615) | 28,232 |
| Increase/(Decrease) in Payables | (152,514) | 535,432 |
| Increases/(Decrease) in Provisions | <u>82,844</u> | <u>(247,291)</u> |
| Cash Flows from Operations | <u><u>1,714,750</u></u> | <u><u>958,691</u></u> |

NOTE 4. INCOME TAX

Income tax expense has been calculated as follows:

| | | |
|--|-------------------------|-------------------------|
| Profit/(Loss) for the year before income tax | 909,100 | (491,512) |
| Less Profit Attributable to Members | <u>894,348</u> | <u>287,534</u> |
| Taxable Income/(Loss) | 14,752 | (203,978) |
| Tax Losses from previous years | <u>(203,978)</u> | <u>-</u> |
| Total Tax Losses | <u><u>(189,226)</u></u> | <u><u>(203,978)</u></u> |
| Income Tax @26% (27.5% 2020) | <u><u>-</u></u> | <u><u>-</u></u> |

NOTE 5. CASH AND CASH EQUIVALENTS

| | | |
|--------------------------|-------------------------|-------------------------|
| Cash at Bank and in Hand | 691,438 | 1,110,599 |
| Short-Term Bank deposits | <u>415,800</u> | <u>-</u> |
| | <u><u>1,107,238</u></u> | <u><u>1,110,599</u></u> |

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NOTE 6. TRADE AND OTHER RECEIVABLES

| | 2021 | 2020 |
|-------------------|---------------|----------------|
| Trade Receivables | 17,371 | 35,978 |
| Other Receivables | <u>-</u> | <u>202,173</u> |
| | <u>17,371</u> | <u>238,151</u> |

NOTE 7. INVENTORIES

| | | |
|-----------|----------------|---------------|
| At Cost | | |
| - Trading | 194,191 | 71,875 |
| - Prizes | <u>23,760</u> | <u>12,240</u> |
| | <u>217,951</u> | <u>84,115</u> |
| | 2021 | 2020 |

NOTE 8. OTHER CURRENT ASSETS

| | | |
|--------------------|----------------|---------------|
| Borrowing Expenses | 19,709 | 28,641 |
| Prepayments | <u>280,426</u> | <u>21,879</u> |
| | <u>300,135</u> | <u>50,520</u> |

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---------------------|---------------------|
| Land at Directors Valuation - 2013 | <u>8,703,000</u> | <u>8,703,000</u> |
| Buildings at Cost | 25,063,904 | 14,897,421 |
| Buildings at Directors Valuation - 2013 | 7,817,000 | 7,817,000 |
| Strata Properties at Directors Valuation - 2013 | <u>720,000</u> | <u>720,000</u> |
| | 33,600,904 | 23,434,421 |
| Less Accumulated Depreciation | <u>(1,405,650)</u> | <u>(1,239,449)</u> |
| Total Buildings | <u>32,195,254</u> | <u>22,194,972</u> |
| Total Land and Buildings | <u>40,898,254</u> | <u>30,897,972</u> |
| Plant and Equipment at Cost | 13,479,943 | 12,848,918 |
| Less Accumulated Depreciation | <u>(11,489,185)</u> | <u>(11,244,139)</u> |
| | <u>1,990,758</u> | <u>1,604,779</u> |
| Total Property, Plant and Equipment | <u>42,889,012</u> | <u>32,502,751</u> |

Revaluation of land and buildings were carried out by the Directors in June 2013. The valuations were based on independent valuations of certain Club property, current land values supplied by the NSW Valuer-General and sale of property near to the Club.

The Directors review of the value of land and buildings has been delayed due Covid 19 and the completion of the new car park. It is proposed that a review will be carried out in the 2021-2022 financial year.

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Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below

| | Land | Buildings | Plant and Equipment | Total |
|-------------------------------|------------------|-------------------|------------------------|-------------------|
| Balance at 1.7.20 | 8,703,000 | 22,194,972 | 1,604,779 | 32,502,751 |
| Additions | - | 10,166,484 | 1,257,768 | 11,424,252 |
| Reductions | | | | - |
| Depreciation Expense | - | (166,202) | (871,789) | (1,037,991) |
| Carrying amount at 30.6.21 | <u>8,703,000</u> | <u>32,195,254</u> | <u>1,990,758</u> | <u>42,889,012</u> |

NOTE 10. INTANGIBLES

| | 2021 | 2020 |
|----------------------------------|----------------|----------------|
| Poker Machine Licenses Purchased | <u>207,411</u> | <u>207,411</u> |

NOTE 11. TRADE AND OTHER PAYABLES

Current - Unsecured

| | | |
|--------------------------------------|----------------|----------------|
| Trade Payables | 615,359 | 551,898 |
| Sundry Payables and Accrued Expenses | <u>299,170</u> | <u>242,980</u> |
| | <u>914,529</u> | <u>794,878</u> |

Non-Current - Unsecured

| | | |
|-----------------|----------|----------------|
| Sundry Payables | <u>-</u> | <u>272,165</u> |
|-----------------|----------|----------------|

NOTE 12. FINANCIAL LIABILITIES

Current

| | | |
|----------------------|----------------|----------------|
| - Secured Bank Loans | 95,928 | - |
| - Other Loans | <u>324,300</u> | <u>119,309</u> |
| | <u>420,228</u> | <u>119,309</u> |

Non-Current

| | | |
|----------------------|-------------------|------------------|
| - Secured Bank Loans | 11,797,359 | 2,421,210 |
| - Other Loans | <u>29,073</u> | <u>-</u> |
| | <u>11,826,432</u> | <u>2,421,210</u> |

The bank holds first registered mortgages over all land and buildings along with a floating charge over all the assets of the company to cover bank loans, overdraft and corporate credit facilities.

The Commonwealth Bank of Australia (CBA) has provided a loan facility of \$12,000,000 to fund the building renovations. At the date of this report the amount of the undrawn facility was \$521,000

The loan will be interest only for 2 years and followed by principal and interest repayments for the rest of the term. The indicative interest rate is 3.45% at the date of this report.

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| | 2021 | 2020 |
|---|-------------------|-------------------|
| The carrying amounts of non-current assets pledged as security are: | | |
| First Mortgage Freehold Land and Buildings | 40,898,254 | 30,897,972 |
| Floating Charge Over Assets | <u>1,990,758</u> | <u>1,604,779</u> |
| Total Assets Pledged as Security | <u>42,889,012</u> | <u>32,502,751</u> |

NOTE 13. PROVISIONSCurrent

| | | |
|-----------------------|----------------|----------------|
| Income tax | - | - |
| Employee Entitlements | <u>409,284</u> | <u>313,671</u> |
| | <u>409,284</u> | <u>313,671</u> |

Non-Current

| | | |
|-----------------------|---------------|---------------|
| Employee Entitlements | <u>85,098</u> | <u>97,867</u> |
|-----------------------|---------------|---------------|

NOTE 14. KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

| | | |
|------------------------|----------------|----------------|
| Aggregate Compensation | <u>381,923</u> | <u>330,061</u> |
|------------------------|----------------|----------------|

NOTE 15. CONTINGENT LIABILITIES

Estimates of material amounts of contingent liabilities not provided for in the accounts, arising from:

| | | |
|-------------------------------------|---------|---------|
| Bank Guarantee in favour of the TAB | 5,000 | 5,000 |
| Insurance Funding Loan | 262,080 | 141,221 |

NOTE 16. CAPITAL COMMITMENTS

Capital expenditure commitments contracted for net of gst and and not provided for in the accounts.

Current

| | | |
|----------------------|----------------|------------------|
| Building Renovations | 161,263 | 6,864,181 |
| Plant & Equipment | <u>-</u> | <u>390,528</u> |
| | <u>161,263</u> | <u>7,254,709</u> |

NOTE 17. POKER MACHINE ENTITLEMENTS

The company currently owns 215 Poker machine entitlements. The value of these intangible assets in accordance with accounting standards, are not recorded in the statement of financial position except for poker machine entitlements purchased from other entities.

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NOTE 18. COVID 19 AND RENOVATIONS

The impact of the closure of the Club during Covid 19 and the building renovations has been detailed in the report of the directors.