



2019

Annual

Report

ANNUAL GENERAL MEETING 2019

NOTICE is hereby given of a General Meeting of **THE ILLAWARRA MASTER BUILDERS' CLUB LIMITED** to be held on **Monday 21 October 2019** commencing at **7.00pm** 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 22 October 2018
- (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 MONDAY 22nd OCTOBER 2018

MEETING OPENED: 7.00PM

PRESENT 95 eligible members

APOLOGIES Rik McCann (130) Bill Harris (17) Marcia Harris (105)

Moved Helen Ritchie (11894) and Seconded Paul Rowlatt (11894) that apologies be accepted.

MINUTES OF

PREVIOUS AGM

Minutes of Previous Annual General Meeting presented.

Bill Wilkins (10069) requested that the previous minutes be altered to reflect that he did not state that he thought the Management of Julianna's Buffet was poor, but that the management of the people attending the Restaurant was poor.

Moved Darcy Baker (3099) and Seconded Vince Weine (13625) that the minutes of the 2017 Annual General Meeting be accepted.

BUSINESS ARISING

Bill Wilkins (10069) stated that the changes to the Club spoken about last year to alleviate the Restaurant problem have not yet happened.

Chairman Brian Burns (5) advised that the Clubs DA which was submitted last November was approved last Friday.

PRESIDENTS REPORT

President presented his report.

Moved Ros Nell (89) and Seconded Paul Pickering (6618) that the Presidents report be adopted.

AUDITORS REPORT

& BALANCE SHEET

Moved John Carr (3) and Seconded Vince Weine (13625) that the Auditors Report be adopted.

APPOINTMENT OF

AUDITORS

Moved Michelle Charles (7848) and Seconded Darcy Baker (3099) that Ian Brown be re-appointed Auditor for the 2018/2019 year.

MINUTES OF ANNUAL GENERAL MEETING HELD MONDAY 22nd OCTOBER 2018

Proposed Resolution

Please note that Clause "a" of the ordinary resolution shows an increase in honorarium paid to the Clubs President of \$2000 and an increase of \$200 for the six remaining directors. The Honorariums have not had an increase since 2006.

Moved Elaine Hart (9749) and Seconded Michelle Charles (7848) 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:

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- (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.
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- (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.
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MINUTES OF ANNUAL GENERAL MEETING HELD MONDAY 22nd OCTOBER 2018

ELECTION OF

OFFICERS

Under the triennial rule three (2) positions are up for election from Group 3

Treasurer – Paul Burns elected unopposed

General Committee – 3 nominations received for 1 position so a ballot will take place

Brian Dore – nomination withdrawn 17 Oct 18

Peter Adlington

Peter Leiner

APPOINTMENT OF

SCRUTINEERS

Moved Helen Ritchie (11894) and Seconded Val Leiner (8391) that Paul Rowlatt (14470) and Vince Weine (13625) be appointed scrutineers

President instructed members to now open their ballot papers.

Moved Ros Nell (89) and Seconded Elaine Hart (9749) that standing orders be put aside and that General Business be conducted until the results of the election were known.

GENERAL BUSINESS

Phillip Hine (3164) asked if the PA system in the lounge area could be fixed as at the last raffle he couldn't hear. Mr Bone advised that the problem has been fixed temporarily but system will be replaced with the Clubs upcoming renovations.

Ian Cook (9228) advised that recently he has had to use the disabled toilets and he found that they along with most of the other toilets were in poor condition. He asked that they be looked at and upgraded. Mr Bone advised that the toilets will be upgraded with the Clubs planned renovations next year.

Roberto Lemme (10777) complained that the new poker machines were too loud and that other patrons felt the same way.

William Wilkins (10069) asked as to why the rent received \$156,000 was down from the previous year of \$192,000-. Mr Bone advised that the Club had sold 2 units that it owns in Church Street therefore receiving no further rent from them. Mr Wilkins then asked if there was a figure available for the rent paid by Julianna's. Mr Bone advised that Julianna's pays \$43,000 rent but also pays a percentage of the utilities gas and electricity. Mr Wilkins asked that the income statement shows a revenue of \$14.48 million and last year was \$18.29 million and when we look at statement of cash flow this years was \$14.072 million but last years was \$13.8 million which is a big difference. Was there a one off explanation for this? Mr Bone advised that the Club sold 3 properties in Church Street in June last year but the money didn't get paid until the next financial year.

**ELECTION OF
OFFICERS**

Chairman advised that the ballot results were completed and Peter Leiner had been elected to the position on General Committee.

Moved Bob McKellar (751) and Seconded Michelle Charles (751) that the ballot papers be destroyed.

MEETING CLOSED 7.35PM

Presidents report 2019

Once again it has been my privilege to serve as your President this last year and I would like to present to you my Presidents report for the 2018-2019 financial year

The Financial result for the year has been tremendous with a profit of \$1,343,942 recorded for the year.

I would also like to add that the club donated a total of \$121,847 towards various charities and community groups throughout the year, with most of these recipients names located at the end of the annual report.

After 26 years of having a buffet style restaurant within the Club, the owners of Julianna's Buffet decided to call it a day. The Buffet closed on 1 July 2019. I would like to thank both Julie and Runde for the many years' service you provided to the Club and wish you both a healthy and happy retirement.

A Board decision was reached that we will manage all of our catering operations ourselves and that the area that the buffet operated from would be refurbished and our own Platform 61 Bistro will move into this larger and more spacious area. We are very hopeful that this will be open early November 2019.

A decision still has not been reached on what type of food offering we will have where our current Platform 61 bistro sits, however for the short term this area will be utilized as an over flow area as we close down and renovate others areas within the Club

It is our number 1 priority to keep any disruption to our trading areas to an absolute minimum and I would like to thank you all in advance for your patience during The Clubs 5 Stage master plan, which I am pleased to report is progressing ahead of schedule.

I am very confident that the outcome achieved from our Master Plan will deliver an amazing new Club and one that you will all be proud to be a member of.

I would like to thank my fellow Board members for the stability and dedication you have shown, particularly during the Clubs transition period.

A very grateful thank you to our management team and staff headed by our General Manager Richard Bone for your hard work and dedication to our Club.

Lastly, I would like to extend my deepest sympathy to any one that has lost love ones during this last year, and to those that have been unwell I wish you a speedy recovery and hope to see you back at The Builders Club.

Brian Burns

President

SPORTS REPORT 2019

As your Chairperson for the Sports Committee I would like to thank the various teams and sports groups represented at our Club for their participation this year.

The Builders Club is a strong supporter of many organisations within the club plus we also facilitate sponsorship of various sporting groups outside the Club i.e. The Illawarra District Rugby Union Juniors, Rock Lobster Cricket Team , UOW Football Club , Wollongong Mustangs and Football South Coast.

We have held our meetings on a half yearly basis in December 2018 and June 2019.

Our Club supports the following groups:

74 Pistol Club represented by Darcy Baker

Bridge represented by Michael Turner.

Football South Coast Woman's represented by Sandra Depers

Ladies golf represented by Dianne McKellar and Carol Manning.

Lawn Bowls represented by Warwick Booth

Men's Golf represented by Peter Young and Donald Barnes.

Saturday Morning Bowls represented by Olsen & Kathryn

Snooker & Billiards represented by Dragan Ljubovic

These sporting groups are represented by their hard working Volunteers and our thanks go out to them for the effort that they put in to keep things moving.

Most if not all sponsored teams have attended the meetings to give The Builders Club a rundown of their past, current and future activities.

For Club members wanting to get involved in your nominated sport, go to The Builders web site and under the top heading of Services you will find Sports Clubs and contact details.

Peter Leiner

Sports Committee Chairperson 2019

REPORT OF THE DIRECTORS YEAR ENDED 30 JUNE 2019

Directors

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

Brian Burns	Builder	President & Director for 44 years
John Carr	Retired Valuer	Snr Vice President & Director 35 years
Rikki McCann	Builder	Jnr Vice President & Director for 3 years
Paul Burns	Builder	Treasurer & Director for 11 years
Heather Pickering	Clerk	Director for 6 years
Peter Leiner	Hospitality	Director for 4 years
John Dowling	Builder	Director for 2 years

Attendance Record of Meetings Held in the Past Year of Office

There were 14 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	14	14
John Carr	14	13
Paul Burns	14	14
Heather Pickering	14	11
Peter Leiner	14	12
Rikki McCann	14	11
John Dowling	14	13

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 organisation

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, and there has not been any significant change in the nature of these activities during the year, except that a number of non-core properties were sold during the year to finance future Club improvements.

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 \$25,204 based on 12,602 current members

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and a copy of the declaration is attached to this report.

Dated: 17 September 2019

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 MASTER BUILDERS CLUB LIMITED**

I declare that, to the best of my knowledge, 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.

Dated: 17 September 2019

IBW ACCOUNTING
Chartered Accountant

IAN BROWN

2 Hebron Avenue
Mt Pleasant NSW 2519

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

DIRECTORS' DECLARATION YEAR ENDED 30 JUNE 2018

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 2019 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: 17 September 2019

Director: Brian Burns

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILLAWARRA MASTER BUILDERS CLUB LIMITED.

Report on the Financial Report

I have audited the financial statements of the Illawarra Master Builders Club Limited being the director's declaration, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and notes for the financial year ended 30 June 2019.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

Independence

In conducting my audit, I have complied with independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Illawarra Master Builders Club Limited would be in the same terms of provided to the directors at the date of this auditor's report.

Auditor's Opinion

In my opinion, the financial statements of the Illawarra Master Builders Club Limited 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 2019 and the performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Dated: 18 September 2019

IBW ACCOUNTING IAN BROWN

Chartered Accountant

2 Hebron Avenue

Mt Pleasant NSW 2519

ILLAWARRA MASTER BUILDERS CLUB LIMITED

ABN 58 001 029 492

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019	2018
Revenue	(2)	14,532,556	14,418,034
Bar, Catering and Retail Trading Expenses		(4,108,183)	(4,374,170)
Gaming Expenses		(4,013,246)	(4,105,309)
Other Human Resource Costs		(1,514,505)	(1,532,217)
Other Promotional Costs		(1,301,204)	(1,383,397)
Finance Costs		-	(3,645)
Other Expenses		(2,068,538)	(1,763,282)
Profit before Income Tax		1,526,880	1,256,014
Income Tax Expense	(3)	(182,968)	(170,098)
Total Comprehensive Income for the Year		1,343,912	1,085,916

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings	Asset Revaluation Reserve
Balance at 1 July 2017	18,544,018	9,692,113
Operating Profit for the Year	1,085,916	
Balance at 30 June 2018	19,629,934	9,692,113
Operating Profit for the Year	1,343,912	
Balance at 30 June 2019	20,973,846	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 2019

	NOTE	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	(4)	8,964,132	8,413,830
Trade and Other Receivables	(5)	182,712	42,760
Inventories	(6)	162,453	158,938
Other Current Assets	(7)	78,752	183,982
TOTAL CURRENT ASSETS		<u>9,388,049</u>	<u>8,799,510</u>
NON-CURRENT ASSETS			
Property ,Plant & Equipment	(8)	22,605,331	22,092,514
Intangibles	(9)	207,411	207,411
TOTAL NON-CURRENT ASSETS		<u>22,812,742</u>	<u>22,299,925</u>
TOTAL ASSETS		<u>32,200,791</u>	<u>31,099,435</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	(10)	531,611	439,295
Financial Liabilities	(11)	300,111	320,559
Short Term provisions	(12)	606,434	634,205
TOTAL CURRENT LIABILITIES		<u>1,438,156</u>	<u>1,394,059</u>
NON-CURRENT LIABILITIES			
Financial Liabilities	(11)	44,281	344,395
Long Term Provisions	(12)	52,395	38,934
TOTAL NON-CURRENT LIABILITIES		<u>96,676</u>	<u>383,329</u>
TOTAL LIABILITIES		<u>1,534,832</u>	<u>1,777,388</u>
NET ASSETS		<u>30,665,959</u>	<u>29,322,047</u>
EQUITY			
Asset Revaluation Reserve		9,692,113	9,692,113
Retained Earnings		20,973,846	19,629,934
TOTAL EQUITY		<u>30,665,959</u>	<u>29,322,047</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 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members and Visitors	13,913,263	14,072,353
Payments to Suppliers and Employees	(11,586,405)	(11,912,775)
Interest Received	164,876	156,486
Finance Costs	-	(3,601)
Income Tax Paid	<u>(184,409)</u>	<u>(766,785)</u>
Net Cash Provided by Operating Activities	<u>2,307,325</u>	<u>1,545,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(2,273,631)	(1,790,433)
Proceeds from Sale of Property, Plant & Equipment	<u>837,170</u>	<u>4,706,637</u>
Net Cash Provided in Investing Activities	<u>(1,436,461)</u>	<u>2,916,204</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	346,896
Repayment of Borrowings	<u>(320,562)</u>	<u>(443,568)</u>
Net Cash used in Financing Activities	<u>(320,562)</u>	<u>(96,672)</u>
Net Increase in Cash Held	550,302	4,365,210
Cash at the Beginning of the Financial Year	8,413,830	4,048,620
Net Cash at the End of the Financial Year	<u>8,964,132</u>	<u>8,413,830</u>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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.

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

ILLAWARRA MASTER BUILDERS CLUB LIMITED

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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 2019 is detailed at Note 3.

(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

	2019	2018
NOTE 2. REVENUE		
Gaming	8,599,678	8,283,543
Bar, Catering and Retail Trading	4,648,961	4,883,134
Profit on Sale of Non Current Assets	314,465	178,767
Entertainment Income	333,617	413,727
Rent Received	112,028	156,486
Commissions	301,501	298,254
Other Income	57,430	47,705
Interest Received	<u>164,876</u>	<u>156,418</u>
	<u><u>14,532,556</u></u>	<u><u>14,418,034</u></u>

NOTE 3. INCOME TAX

Income tax expense has been calculated as follows:

Profit for the year before income tax	1,526,880	1,256,014
Less Profit on Sale of Non Current Assets	(314,465)	(178,767)
Less Profit Attributable to Members	(961,142)	(795,734)
Add Taxable Gain on Sale of Non Current Assets	<u>414,065</u>	<u>322,535</u>
Taxable Income	<u><u>665,338</u></u>	<u><u>604,048</u></u>
Income Tax @27.5%	182,968	166,113
Income Tax for Previous Years	<u>-</u>	<u>3,985</u>
	<u><u>182,968</u></u>	<u><u>170,098</u></u>

NOTE 4. CASH AND CASH EQUIVALENTS

Cash at Bank and in Hand	605,431	334,450
Short-Term Bank deposits	<u>8,358,701</u>	<u>8,079,380</u>
	<u><u>8,964,132</u></u>	<u><u>8,413,830</u></u>

NOTE 5. TRADE AND OTHER RECEIVABLES

Trade Receivables	98,412	42,760
Deposits	<u>84,300</u>	<u>-</u>
	<u><u>182,712</u></u>	<u><u>42,760</u></u>

NOTE 6. INVENTORIES

At Cost		
- Trading	136,243	127,988
- Prizes	<u>26,210</u>	<u>30,950</u>
	<u><u>162,453</u></u>	<u><u>158,938</u></u>

ILLAWARRA MASTER BUILDERS CLUB LIMITED

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	2019	2018
NOTE 7. OTHER CURRENT ASSETS		
Prepayments	<u>78,752</u>	<u>183,982</u>
NOTE 8. PROPERTY, PLANT AND EQUIPMENT		
Land at Directors Valuation - 2013	<u>8,703,000</u>	<u>8,703,000</u>
Buildings at Cost	4,139,635	2,498,782
Buildings at Directors Valuation - 2013	7,817,000	7,817,000
Strata Properties at Directors Valuation - 2013	<u>720,000</u>	<u>1,225,000</u>
	12,676,635	11,540,782
Less Accumulated Depreciation	<u>(1,073,247)</u>	<u>(893,791)</u>
Total Buildings	<u>11,603,388</u>	<u>10,646,991</u>
Total Land and Buildings	<u>20,306,388</u>	<u>19,349,991</u>
Plant and Equipment at Cost	12,598,353	11,983,280
Less Accumulated Depreciation	<u>(10,299,410)</u>	<u>(9,240,757)</u>
	<u>2,298,943</u>	<u>2,742,523</u>
Total Property, Plant and Equipment	<u>22,605,331</u>	<u>22,092,514</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. A revaluation of land and buildings will be carried on completion of the renovations.

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 1.7.18	8,703,000	10,646,991	2,742,523	22,092,514
Additions	-	1,658,558	615,073	2,273,631
Reductions	-	(522,705)	-	(522,705)
Depreciation Expense	<u>-</u>	<u>(179,456)</u>	<u>(1,058,653)</u>	<u>(1,238,109)</u>
Carrying amount at 30.6.19	<u>8,703,000</u>	<u>11,603,388</u>	<u>2,298,943</u>	<u>22,605,331</u>

The reduction in the value of land and buildings was due to the sale of non-core property during the year.

NOTE 9. INTANGIBLES

Poker Machine Licenses Purchased	<u>207,411</u>	<u>207,411</u>
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ILLAWARRA MASTER BUILDERS CLUB LIMITED

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	2019	2018
NOTE 10. TRADE AND OTHER PAYABLES		
<u>Current - Unsecured</u>		
Trade Payables	211,055	110,256
Sundry Payables and Accrued Expenses	<u>320,556</u>	<u>329,039</u>
	<u>531,611</u>	<u>439,295</u>

NOTE 11. FINANCIAL LIABILITIES

<u>Current</u>		
- Other Loans	<u>300,111</u>	<u>320,559</u>
	<u>300,111</u>	<u>320,559</u>
 <u>Non-Current</u>		
- Other Loans	<u>44,281</u>	<u>344,395</u>
	<u>44,281</u>	<u>344,395</u>

There were no bank loans at 30.6.19 and 30.6.18. 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 undrawn overdraft and corporate card facilities. Refer to note 15 in regard to a future loan facility.

The carrying amounts of non-current assets pledged as security are:

First Mortgage Freehold Land and Buildings	20,306,388	18,124,991
Floating Charge Over Assets	<u>2,298,943</u>	<u>3,967,523</u>
Total Assets Pledged as Security	<u>22,605,331</u>	<u>22,092,514</u>

NOTE 12. PROVISIONS

<u>Current</u>		
Income tax	164,672	166,113
Employee Entitlements	<u>441,762</u>	<u>468,092</u>
	<u>606,434</u>	<u>634,205</u>
 <u>Non-Current</u>		
Employee Entitlements	<u>52,395</u>	<u>38,934</u>
	<u>52,395</u>	<u>38,934</u>

NOTE 13. 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>382,165</u>	<u>276,569</u>
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ILLAWARRA MASTER BUILDERS CLUB LIMITED
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	2019	2018
NOTE 14. 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

NOTE 15. CAPITAL COMMITMENTS

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

Current

Building Renovations	15,483,380	66,955
Gaming Machines	<u>63,000</u>	<u>292,571</u>
	<u>15,546,380</u>	<u>359,526</u>

The company expects to complete the building renovations in September 2020.

The renovations will be funded from company cash resources and a fully secured loan of \$9,000,000 from the Commonwealth Bank of Australia (CBA). The loan from CBA is subject to certain conditions before and after the drawdown of the funds.

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 3.98% at the date of this report.

At the date of this report the \$9,000,000 loan facility is undrawn.

NOTE 16. FINANCIAL INSTRUMENTS

Market Risk

Interest rate risk - The company is not exposed to any significant interest rate risk until the loan from the CBA is drawn down.

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.

The current market value for each entitlement is uncertain although it is estimated by the Directors to be in the vicinity of \$25,000 each.

DONATIONS AND COMMUNITY SUPPORT

2018/2019

The Music Makers
Wollongong Emergency Family Housing
Autism Community Network
Illawarra Cancer Carers
Mental Health Carers
SCARF
Recovery Camp
Southern Cross Kids Camp
George Cross Falcons
UOW Football Club
Vinnies Drought Appeal
Rock Lobsters T20 Cricket Team
Corrimal Rotary
Football South Coast
Illawarra District Rugby Union
Wollongong Conservatorium of Music
Rural Aid-Buy a Bale
Monobrow Comedy
Sandon Point Surf Life Saving Club
Illawarra Live Steamers
Wollongong Mustangs
Corrimal Mens Shed
Russell Vale Golf Club
The Leukaemia Foundation
Vox FM
Illawarra Master Builders Association
Men of League Foundation
Junior Illawarriors
Australasian Order of Old Bastards
Australia's Biggest Morning Tea