ANNUAL REPORT

YEAR END 30 JUNE 2023

ACN 000 991 266

TORONTO WORKERS CLUB

President's Report | JEFF HOGAN

Members welcome to this year's Annual Report for the period ending 30th June 2023.

Last year I wrote how the pandemic and then wet weather impacted our business. It is pleasing to put that behind us with a significant improvement in revenue and subsequently net profit, up from last years $719K to $1.84M.

The Workers Club's financial performance is encouraging considering the past few years capital expenditure focus has been the Golf Club. The Golf Club's capital expenditure, including the Driving Range, Irrigation Project and Maintenance Facility of around $4.5M has brought the course up to a standard we can all be proud of. Our Course Superintendent Aaron and his team have done a wonderful job implementing these projects and the 10th tee area is a case in point. The Golf Club Master Plan is almost complete, giving Aaron and his team the direction going forward. The master plan will be displayed at the Golf Club once drafted for members to comment.

Do not be too concerned with the Golf Club's financial result. It was not unexpected. The course improvements have seen golf rounds per week grow significantly in the past months. If this trend continues as expected, our balance sheet will look much better next year.

The Board focus now is on the Workers Club Master Plan. The Executive Planning Committee have been tasked to complete the plan within the next 6 months. Architects have been presented with a brief that includes all the land holdings in the Workers Club precent including possible acquisitions.

This year capital works includes a car wash on our vacant James St site and an upgrade of our sports bar area in the club. Both projects have DA approval and construction will begin once tenders are approved. Just these two projects have an approved budget of $3.6M.

Elements continues to thrive with a significant number on the waiting list wishing to acquire a property. Part of the master plan architects brief is to explore possible expansion of Elements.

I must congratulate our CEO Ben on his application to the role since taking on the position early February. To the Board the transition has been seamless. To Mark Singleton, a big thank you for your dedication to the Toronto Workers Club as CEO for the past 20+ years. I know he is enjoying his retirement but remains involved in the community.

Members, these projects, current and future challenges are capably met by my experienced Board members, and I acknowledge their continued dedication. I must also mention Ted Gilmore, Life member and past president who retired from the board during this current term. His experience will be missed.

Equally, to our CEO Ben Launt, his management team and our wonderful staff, your commitment to our members is also acknowledged.

To you all, thank you!

Members, in closing your patronage is truly appreciated.

The CEO's and Auditors Report discusses business performance in more detail.

Best Regards

Jeff Hogan | Club President

Chief Executive Officer's Report | BEN LAUNT

Dear Members,

I am pleased to present my first Annual Report for the year ended 30 June 2023.

I appreciate the support and encouragement I have received throughout the year so far. It has been a challenging year with the club facing many obstacles such as rising costs and general economic uncertainty. The club has also experienced a major turnover of staff, with over 100 years of experience being lost in a short amount of time. As such, it was pleasing to see the club achieve financial results which were significantly stronger than expectations. The Group collectively achieved an after tax profit of $1.84M compared to $719,394 in 2022. Total revenues increased to $16.31M from $12.54M in 2022.

The Workers Club recorded an operating profit of $1.63M compared to $698k in 2022. This was a strong result considering the economic challenges faced during the year. It was great to see improvements across the business being realised.

Elements Retirement Village continues to be an attractive proposition with waiting list inquiries not diminishing. Operating expenses were higher than expected, but overall were well managed throughout the year.

The Golf Club had another tough year, with revenue being impacted by poor weather and a decline in participation. This combined with the rising costs of improved facilities contributed to an operating loss of $418k. It was an eventful year with major works being carried out on the course, irrigation system and the cart and maintenance shed. As a result, the course is now in great shape with revenue being much stronger during the first quarter of 2024.

The planned improvements to club facilities are exciting for the year ahead. This includes the installation of Toptracer technology at the driving range, construction of a carwash and the opening of a brand-new Sports Bar.

The commitment and professionalism shown by our experienced Board of Directors will be crucial for the challenges ahead for the club. I am very grateful to work with a board that understands the importance of long-term strategic planning for the club.

I wish to sincerely thank the tireless efforts from my team of staff, whose ability to adapt in an ever-changing environment has been crucial to the success of the club. I am extremely proud to lead such a wonderful family.

Members, thank you for your continued support and patronage across the group. I look forward to many great things ahead for the club and its community.

Ben Launt (CA)
Chief Executive Officer

TORONTO DISTRICT WORKERS CLUB LIMITED

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DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The following discussion and analysis has been provided to assist members in understanding the full financial report.

Trading Results

The following commentary on the principal sectors of the Group's trading activities illustrates the significance of the results achieved this year when compared to the previous year's results.

When reviewing the comparisons, it's important to understand the Club was closed for a period of two months due to COVID-19 lockdowns during the previous year (2022).

Bar Trading Operations

1. Sales have increased by $427,704 or 24.58%
2. Gross profit percentage return has increased from 60.75% last year to 61.25% this year
3. The net operating profit of $598,923 is an increase of $124,960 or 26.36% compared to last year

Poker Machine Operations

1. Net clearances from poker machines have increased by $1.66M or 25.75%
2. The resulting net poker machine revenue has increased by $1.17M or 28.69% compared to last year

Catering Operations

1. Sales have increased by $564,853 or 31.37%
2. Gross profit percentage return has increased from 58.59% last year to 60.83% this year
3. The net operating loss of $34,996 is an improvement of $183,538 or 83.99% compared to last year

Golf Club Operations

1. Income from golf club operations have increased by $200,466 or 11.42%
2. The net operating loss of $284,309 is a decline of $359,286 compared to last year

Elements of Toronto Retirement Village Operations

1. Income from the elements operations have increased by $892,045 or 136.39%

Operating Profit Before Income Tax

1. The operating profit for the year ended 30 June 2023 amounted to $2,092,971
2. This was an increase of $1,395,108 or 199.91% compared to last year

Total Comprehensive Income Attributable To Members

1. The total comprehensive income for the year ended 30 June 2023 amounted to $1,842,360
2. This includes a decrease of $2,128 in the revaluation surplus

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DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The accompanying consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023 shows the Group had a total comprehensive income of $1,842,360. This is a decrease of $9,554,529 or 83.83% compared to the previous year. The previous year included an increase of $10,677,495 from the revaluation of land and buildings.

Total income of $16.48M increased by $3.56M or 27.51%. This increase is attributable to a general increase in all areas of the Club.

Total expenses of $14.39M increased by $2.16M or 17.67%. The major expense movements were:

- Increase in cost of goods sold of $433,771. This increase is due to increased sales in bar and catering operations.
- Increase in employee benefits of $908,626.
- Decrease in finance costs of $179,308. This decrease is due to bank loans being paid out.
- Increase in poker machine duty of $347,268. This increase is a result of the increased net clearances.
- Increase in repairs and maintenance of $157,279.
- Increase in donations and sponsorship of $82,348.

Consolidated Statement of Financial Position

The accompanying consolidated statement of financial position as at 30 June 2023 shows the Group to be in a strong financial position with a healthy level of working capital reserves.

Total assets have increased by $416,204 to $66.19M, representing an increase of 0.63%. This movement is made up of;

- A decrease in cash and cash equivalents of $3.41M.
- An increase in property, plant and equipment of $3.71M.

Total liabilities have decreased by $1.43M to $29.96M, representing a decrease of 4.54%. This movement is made up of;

- A decrease in borrowings of $1.45M. This decrease is due to bank loans being paid out.
- A decrease in provisions of $205,138.
- An increase in deferred tax liability of $370,959.

Net assets subsequently increased by $1.84M. This is reflected through profit and loss and other comprehensive income for the year.

Consolidated Statement of Changes in Equity

The increase of $1.84M in equity is made up of:

- An increase in retained earnings of $1.84M.
- A decrease in revaluation surplus of $2,128.

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DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Consolidated Statement of Cash Flows

The accompanying consolidated statement of cash flows shows how the Club's cash funds have been sourced and applied during the year.

The cash provided by operating activities of $1.91M was utilised in purchasing $5.12M in property, plant and equipment and reducing financing activities by $198,412. The net decrease in cash reserves of $3.41M has seen the closing cash and cash equivalents balance decrease to $3.94M.

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FOR THE YEAR ENDED 30 JUNE 2023

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DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entity for the financial year ended 30 June 2023.

Directors

The names of each person who has been a Director during the year and to the date of this report are:

Name	Position	Occupation	Years Service	Special Responsibilities
Mr Jeff Hogan	President	Retired	14 years	Executive Remuneration Committee Director of TWC Elements Holdings Pty Ltd Executive Planning Committee TCC Steering Committee
Mr Stephen Woodbridge	Vice President	Retired	12 years	Executive Remuneration Committee Executive Planning Committee
Mr Allan Easter	Director	Retired	20 years	TCC Steering Committee
Mr Stuart Ogilvy	Director	Solicitor	2 year	N/A
Mr Timothy O'Reilly	Director	Mines inspector	12 years	TCC Steering Committee
Mr Richard Rundle	Director	Retired	10 year	N/A
Mr Jai Tukua *(appointed 22 May 2023)*	Director	Youth and disability services support	4 months	N/A

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

Principal Activities

The principal activities of the company during the financial year were:

- Registered Club operation providing facilities for members and their guests
- Golf course operation
- Management of Elements of Toronto over 55's retirement community

Short Term Objectives

To exceed members and guests needs and expectations on the provision of facilities, products and services. To support a safe and friendly environment for staff and customers that encourages the principles of the Responsible Service of Alcohol and the Responsible Conduct of Gaming.

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DIRECTORS' REPORT

Long Term Objectives

To provide the community a continual level of high quality services and facilities in a safe and friendly environment. To generate profits that will be reinvested into improved services and facilities for members and community support.

Achieving Objectives

The Board of Directors, management and staff together are committed to achieving best practice principles which are measurable by the continual support of community partnerships whilst exceeding financial benchmarks. Meeting and surpassing our strategic goals is achieved through constant evaluation of our business practices using the opinions of members, their guests, staff and professional alliances.

Meetings of Directors

During the financial year, 11 meetings of Directors were held. Attendances by each Director were as follows:

Name	Number eligible to attend	Number attended
Mr Jeff Hogan	11	11
Mr Stephen Woodbridge	11	11
Mr Allan Easter	11	11
Mr Stuart Ogilvy	11	11
Mr Timothy O'Reilly	11	9
Mr Richard Rundle	11	10
Mr Jai Tukua	1	1

Member Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each membership is required to contribute a maximum of $3.00 each towards meeting any outstanding obligations of the company. At 30 June 2023 the collective liability of members was $41,865 (2022: $40,044).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 4 of the Directors' report.

Signed in accordance with a resolution of the Board of Directors.

Director ....

Jeff Hogan (President)

Director ....

Stephen Woodbridge (Vice President)

Dated this 18th day of September 2023

TORONTO DISTRICT WORKERS CLUB LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TORONTO DISTRICT WORKERS CLUB LIMITED

As lead auditor for the audit of Toronto District Workers Club Limited and its controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(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.

Fortunity Assurance

Adrian Thompson
Partner

155 The Entrance Road Erina NSW 2250

18 September 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
Revenue from continuing operations	2	16,373,423	12,544,596
Other income	2	108,845	381,400
Changes in inventories		25,408	(9,398)
Inventories purchased		(1,878,878)	(1,445,107)
Employee benefits expense		(4,533,152)	(3,624,526)
Depreciation and amortisation expense	3	(1,469,594)	(1,390,775)
Finance costs	3	(39,090)	(218,398)
Poker machine duty		(1,652,006)	(1,304,738)
Raffle and bingo expenses		(176,210)	(164,321)
Advertising, promotions and entertainment		(1,021,898)	(1,027,846)
Repairs and maintenance expense		(768,934)	(611,655)
Occupancy costs		(711,006)	(657,444)
Insurance		(370,397)	(398,931)
Donations and sponsorship		(301,016)	(218,668)
Other expenses		(1,492,524)	(1,156,326)
Operating profit before income tax		2,092,971	697,863
Impairment of property, plant and equipment		-	-
Income tax (expense)/benefit	4	(248,483)	21,531
Profit after income tax attributable to members		1,844,488	719,394
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:			
Revaluation surplus on land and buildings net of tax	4, 9	(19,562)	10,228,828
Revaluation surplus on investment property net of tax	4, 10	17,434	448,667
Total other comprehensive income net of tax		(2,128)	10,677,495
Total comprehensive income for the year attributable to members		1,842,360	11,396,889

The accompanying notes form part of these financial statements.

TORONTO DISTRICT WORKERS CLUB LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023	2022
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,938,639	7,345,387
Trade and other receivables	6	12,323	14,786
Inventories	7	111,277	82,259
Current tax assets	15	19,857	15,599
Other current assets	8	118,051	101,185
TOTAL CURRENT ASSETS		4,200,147	7,559,216
NON-CURRENT ASSETS			
Property, plant and equipment	9	32,478,996	28,771,490
Investment property	10	28,145,000	28,120,000
Deferred tax assets	15	472,115	375,012
Intangible assets	11	895,104	949,440
TOTAL NON-CURRENT ASSETS		61,991,215	58,215,942
TOTAL ASSETS		66,191,362	65,775,158
CURRENT LIABILITIES			
Trade and other payables	12	1,078,508	1,270,634
Resident loans	13	26,175,238	26,127,900
Short term borrowings	14	172,177	1,522,130
Short term provisions	16	300,694	503,524
TOTAL CURRENT LIABILITIES		27,726,617	29,424,188
NON-CURRENT LIABILITIES			
Trade and other payables	12	54,125	52,902
Long term borrowings	14	129,529	227,988
Deferred tax liabilities	15	1,989,406	1,618,447
Long term provisions	16	64,652	66,960
TOTAL NON-CURRENT LIABILITIES		2,237,712	1,966,297
TOTAL LIABILITIES		29,964,329	31,390,485
NET ASSETS		36,227,033	34,384,673
EQUITY			
Retained earnings		25,551,666	23,707,178
Reserves	18	10,675,367	10,677,495
TOTAL EQUITY		36,227,033	34,384,673

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings	Revaluation Surplus	Total
	$	$	$
Balance at 1 July 2021	22,987,784	-	22,987,784
Profit attributable to members	719,394	-	719,394
Revaluation surplus on land and buildings net of tax	-	10,228,828	10,228,828
Revaluation surplus on investment property net of tax	-	448,667	448,667
Balance at 30 June 2022	23,707,178	10,677,495	34,384,673
Profit attributable to members	1,844,488	-	1,844,488
Revaluation surplus on land and buildings net of tax	-	(19,562)	(19,562)
Revaluation surplus on investment property net of tax	-	17,434	17,434
Balance at 30 June 2023	25,551,666	10,675,367	36,227,033

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		16,311,257	13,257,835
Payments to suppliers and employees		(14,418,478)	(11,982,379)
Interest received		61,269	239
Finance costs		(39,090)	(218,398)
Income tax (paid)/refunded		(4,258)	11,677
Net cash provided by operating activities		1,910,700	1,068,974
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		42,331	40,508
Payment for property, plant and equipment		(5,157,112)	(8,352,539)
Payment for intangibles		(2,500)	-
Payment for investment property		(1,755)	-
Net cash (used in) investing activities		(5,119,036)	(8,312,031)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,331,865	13,226,265
Payment of borrowings		(1,530,277)	(3,115,895)
Net cash (used in)/provided by financing activities		(198,412)	10,110,370
Net (decrease)/increase in cash held		(3,406,748)	2,867,313
Cash at the beginning of the financial year		7,345,387	4,478,074
Cash at the end of the financial year	5	3,938,639	7,345,387

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The consolidated financial report is for the year ended 30 June 2023 for Toronto District Workers Club Limited and controlled entities (the consolidated Group). Toronto District Workers Club Limited is a not for profit company limited by guarantee.

The consolidated financial statements were authorised for issue 18 September 2023 by the Directors of the company.

Basis of Preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group 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 this financial report are presented below. They have been consistently applied unless otherwise stated.

The consolidated financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the consolidated financial statements are denominated in Australian dollars and have been rounded to the nearest dollar.

Accounting Policies

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of Toronto District Workers Club Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to members and guests.

Revenue from the rendering of a service is recognised upon the delivery of the service to members and guests.

Where the Group receives memberships, sponsorship or grants, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB15.

Where both these conditions are satisfied the Group;

- Identifies each performance obligation relating to the membership, sponsorship or grant;
- Recognises a contract liability for its obligations under the contract or grant;
- Recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Group;

- Recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB9, AASB16 and AASB138);
- Recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liabilities);
- Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Amounts received from members in respect of membership subscriptions and golf membership for 2023/2024 are shown in Note 12 to the financial statements as deferred income and are included in trade and other payables.

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

c. **Inventories**

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

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

e. Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is an initial measurement of the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable).

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Property, Plant and Equipment**

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for and subsequent impairment of buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the 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 that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

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 economic entity 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 Asset	Depreciation Rate
Land and buildings	2.5%
Plant and equipment	5% - 40%
Motor vehicles	25%
Poker machines	20% - 25%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. **Financial Instruments**

Recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at cost which includes transaction costs when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets

Financial assets that are within the scope of the accounting standards are required to be subsequent measured at amortised or fair value on the basis of the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Group holds investment classified as financial asset at fair value through other comprehensive income.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans and borrowings are classified as non-current.

h. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

When an impairment loss on a revalued asset is identified this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **Employee Benefits**

Provision is made for the Group's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

The Group classifies employees' long service leave and annual leave entitlements as other long term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Group's obligation for other long term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Group's obligations for long term employee benefits are presented as non current liabilities in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

j. **Cash and Cash Equivalents**

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

k. **Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date. Under the mutuality principle, any profit arising from operations attributable to members is not treated as taxable income. However, the Group is liable for income tax on income generated by visitors and external sources such as commissions and interest.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

m. **Intangibles**

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The estimated useful life varies from 2.5 - 5 years.

Poker Machine Entitlements

Poker machine entitlements are recorded at cost. Poker machine entitlements have an indefinite life and are carried at cost less any impairment losses. It is tested annually for impairment.

Rights to Holiday Units

Rights to the holiday units are recorded at cost. Rights to the holiday units have an indefinite life and are carried at cost less any impairment losses. It is tested annually for impairment.

n. **Provisions**

Provisions are recognised when the Group 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 recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. **Trade and Other Payables**

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

p. **Investment Property**

Investment property, comprising the Elements of Toronto residential development, is held to generate income through deferred management fees. All transactions with residents are on an arm's length basis.

The investment property is shown at its fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation and subsequent impairment. Fair values are determined by the valuers using market information and with reference to average current selling prices of the investment properties sold

Increases in the carrying amount arising on revaluation of investment property are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

q. **Comparative Figures**

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

r. **New and amended Accounting Standards and Interpretations Adopted**

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. There were no Accounting Standards and or Interpretations which have or have had a material impact on the Group for the year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. **Critical Accounting Estimates and Judgements**

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

Key estimates

Estimation Of Useful Lives Of Assets

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

Employee Benefits Provision

As discussed in Note 1(i), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: REVENUE

	2023	2022
	$	$
Revenue from contracts with customers		
Sale of goods	4,598,175	3,598,161
Services revenue	11,713,979	8,946,196
	16,312,154	12,544,357
Other sources of revenue		
Interest received	61,269	239
	61,269	239
Total revenue	16,373,423	12,544,596
Other Income		
Government grants	21,020	20,540
JobKeeper subsidy, JobSaver subsidy and cashflow boost	65,524	327,620
Insurance recovery	16,818	-
Profit on disposal of property, plant and equipment	5,483	33,240
Total other income	108,845	381,400

NOTE 3: PROFIT

	2023	2022
Expenses		
Costs of sales	1,853,470	1,454,505
Depreciation and amortisation		
— land and buildings	377,982	338,815
— plant and equipment	598,495	556,158
— motor vehicles	17,121	13,949
— poker machines	419,160	425,517
— computer software	56,836	56,336
Total depreciation and amortisation	1,469,594	1,390,775
Interest expense	39,090	218,398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4: INCOME TAX EXPENSE	2023	2022
	$	$
a. The components of tax expense comprise:		
Current tax expense/(benefit)	-	(20,204)
Deferred tax expense/(benefit)	248,483	(1,327)
	248,483	(21,531)
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	523,243	174,466
Less: Tax effect of:		
- Net effect of mutuality principle applied in accordance with ATO regulations	(274,760)	(195,997)
Income tax expense/(benefit) attributable to Group	248,483	(21,531)

c. Tax effects relating to each component of other comprehensive income:

	Note	Before Tax Amount	Tax Expense	Net of Tax Amount
		$	$	$
2022				
Revaluation surplus on land and buildings	9,18	11,209,638	(980,810)	10,228,828
Revaluation surplus on investment property	10,18	598,223	(149,556)	448,667
		11,807,861	(1,130,366)	10,677,495
2023				
Revaluation surplus on land and buildings	9,18	-	(19,562)	(19,562)
Revaluation surplus on investment property	10,18	23,245	(5,811)	17,434
		23,245	(25,373)	(2,128)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 5: CASH AND CASH EQUIVALENTS	2023	2022
	$	$
CURRENT		
Cash at bank	3,532,842	6,959,351
Cash on hand	405,797	386,036
	3,938,639	7,345,387

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT		
Other receivables	12,323	14,786
	12,323	14,786

NOTE 7: INVENTORIES

CURRENT		
At cost		
Stock	111,277	82,259
	111,277	82,259

NOTE 8: OTHER ASSETS

CURRENT		
Prepayments	118,051	101,185
	118,051	101,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: PROPERTY, PLANT AND EQUIPMENT	2023	2022
	$	$
LAND AND BUILDINGS		
Freehold land		
At valuation	12,250,000	12,250,000
At cost	932,967	-
Total land	13,182,967	12,250,000
Buildings		
At valuation	9,000,000	9,000,000
Less accumulated depreciation	(225,000)	-
Total buildings	8,775,000	9,000,000
Building improvements		
At cost	7,288,065	4,683,484
Less accumulated depreciation	(710,028)	(557,046)
Total building improvements	6,578,037	4,126,438
Total land and buildings	28,536,004	25,376,438
Plant and equipment		
At cost	8,192,705	7,199,341
Less accumulated depreciation	(5,499,561)	(4,919,891)
Total plant and equipment	2,693,144	2,279,450
Motor vehicles		
At cost	187,220	127,250
Less accumulated depreciation	(87,091)	(85,241)
Total motor vehicles	100,129	42,009
Poker machines		
At cost	4,159,236	4,008,245
Less accumulated depreciation	(3,009,517)	(2,934,652)
Total poker machines	1,149,719	1,073,593
Total property, plant and equipment	32,478,996	28,771,490

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in Carrying Amounts

	Land & Buildings	Plant and Equipment	Motor Vehicles	Poker Machines	Total
	$	$	$	$	$
2023					
Balance at the beginning of the year	25,376,438	2,279,450	42,009	1,073,593	28,771,490
Additions at cost	3,537,548	1,025,705	78,607	515,252	5,157,112
Disposals	-	(13,516)	(3,366)	(19,966)	(36,848)
Revaluation surplus	-	-	-	-	-
Depreciation expense	(377,982)	(598,495)	(17,121)	(419,160)	(1,412,758)
Carrying amount at end of year	28,536,004	2,693,144	100,129	1,149,719	32,478,996

Asset Revaluations

On 16 June 2022 the freehold land and buildings were valued by external independent valuer TEW Property Consultants Pty Ltd and subsequently measured at valuation. There has been no updated valuation for the year ended 30 June 2023. It is the Group's policy that they obtain periodic, but at least triennial, valuations by external independent valuers. Measurement at valuation has resulted in a revaluation surplus (net of tax) of $10,209,266.

Refer to Note1(f) for detailed disclosures regarding the fair value measurement of the Group's freehold land and buildings.

NOTE 10: INVESTMENT PROPERTY

	2023	2022
	$	$
Elements of Toronto		
At valuation	28,145,000	28,120,000
Less accumulated depreciation	-	-
Net carrying value	28,145,000	28,120,000

Movements in Carrying Amounts

	Elements of Toronto	Total
	$	$
2023		
Balance at the beginning of the year	28,120,000	28,120,000
Additions at cost	1,755	1,755
Revaluation surplus	23,245	23,245
Carrying amount at end of year	28,145,000	28,145,000

Asset Revaluations

The investment property has been measured at valuation based on the arms length selling price of each unit. Measurement at valuation has resulted in a revaluation surplus (net of tax) of $466,101.

Refer to Note1(p) for detailed disclosures regarding the fair value measurement of the Group's investment property.

NOTE 11: INTANGIBLE ASSETS	**2023**	**2022**
	$	**$**
Computer software		
At cost	301,742	299,242
Less accumulated amortisation	(288,278)	(231,442)
Net carrying value	13,464	67,800
Poker machine entitlements		
At cost	819,140	819,140
Less accumulated amortisation	-	-
Net carrying value	819,140	819,140
Rights to holiday units		
At cost	62,500	62,500
Less accumulated amortisation	-	-
Net carrying value	62,500	62,500
Total intangibles	895,104	949,440

Movements in Carrying Amounts

	Computer Software	**Poker Machine Entitlements**	**Rights to Holiday Units**	**Total**
	$	**$**	**$**	**$**
2023				
Balance at the beginning of the year	67,800	819,140	62,500	949,440
Additions at cost	2,500	-	-	2,500
Disposals	-	-	-	-
Amortisation charge	(56,836)	-	-	(56,836)
Carrying amount at end of year	13,464	819,140	62,500	895,104

NOTE 12: TRADE AND OTHER PAYABLES	2023	2022
	$	$
CURRENT		
Trade payables	409,760	360,649
Deferred income	258,744	240,041
Other current payables	410,004	669,944
	1,078,508	1,270,634
NON-CURRENT		
Deferred income	54,125	52,902
	54,125	52,902
Trade and other payables		
- Total current	1,078,508	1,270,634
- Total non-current	54,125	52,902
	1,132,633	1,323,536
Less deferred income	(312,869)	(292,943)
Financial liabilities as trade and other payables	819,764	1,030,593

NOTE 13: RESIDENT LOANS

CURRENT		
Resident loans payable (see below)	26,175,238	26,127,900
	26,175,238	26,127,900
Resident loans payable	28,145,000	26,895,000
Deferred management fee receivable	(1,969,762)	(767,100)
	26,175,238	26,127,900

In accordance with the resident agreements the Group is required to repay the resident loan upon termination of the agreement. Deferred management fees are not settled in cash until such time as the resident departs. Accordingly, a deferred management fee receivable is recognised on the balance sheet which represents the net present value of all deferred management fees owed to the Group.

The Group has a legally enforceable right to set off the deferred management fee receivable with the resident loan payable. As the Group intends to realise the asset and settle the liability simultaneously, the asset and liability have been offset in the statement of financial position.

As the Group does not have an unconditional right to defer settlement the accounting standards require these to be classified as current liabilities. It is not expected that these loans will be repayable within the next 12 months.

NOTE 14: BORROWINGS	**2023**	**2022**
	$	**$**
CURRENT		
Bank loans - secured	-	1,333,783
Asset finance - secured	172,177	188,347
	172,177	1,522,130
NON-CURRENT		
Asset finance - secured	129,529	227,988
	129,529	227,988

The bank loans were paid out during the year ended 30 June 2023.

Asset finance is secured by the underlying assets. There are a total of five asset finance arrangements, with periods ranging from three to five years. The equipment being financed includes poker machines, motor vehicles and ground keeping equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 15: TAX	2023	2022
	$	$
a. **Assets**		
CURRENT		
Income tax refundable	19,857	15,599
	19,857	15,599

NON-CURRENT Deferred Tax Asset	Opening Balance	Charged to Income	Change to Tax Rate	Closing Balance
	$	$	$	$
2022				
Employee provisions	40,846	(1,600)	(1,509)	37,737
Accruals	9,886	(1,600)	(319)	7,967
Tax losses	-	329,308	-	329,308
Carrying amount at end of year	50,732	326,108	(1,828)	375,012
2023				
Employee provisions	37,737	(13,569)	-	24,168
Accruals	7,967	725	-	8,692
Tax losses	329,308	109,947	-	439,255
Carrying amount at end of year	375,012	97,103	-	472,115

b. **Liabilities**

NON-CURRENT Deferred Tax Liability	Opening Balance	Charged to Revaluation Surplus	Charged to Income	Change to Tax Rate	Closing Balance
	$	$	$	$	$
2022					
Deferred management fee	89,544	-	109,902	(7,671)	191,775
Accelerated tax depreciation	75,584	-	232,574	(11,852)	296,306
Revaluation of land and buildings	-	980,810	-	-	980,810
Revaluation of investment property	-	149,556	-	-	149,556
Carrying amount at end of year	165,128	1,130,366	342,476	(19,523)	1,618,447
2023					
Deferred management fee	191,775	-	300,666	-	492,441
Accelerated tax depreciation	296,306	-	44,920	-	341,226
Revaluation of land and buildings	980,810	19,562	-	-	1,000,372
Revaluation of investment property	149,556	5,811	-	-	155,367
Carrying amount at end of year	1,618,447	25,373	345,586	-	1,989,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 16: PROVISIONS	2023	2022
	$	$
CURRENT		
Provision for employee benefits: annual leave	272,970	311,021
Provision for employee benefits: long service leave	27,724	192,503
	300,694	503,524
NON-CURRENT		
Provision for employee benefits: long service leave	64,652	66,960
	64,652	66,960

Movements in Carrying Amounts

	Employee Benefits	Total
	$	$
2023		
Balance at the beginning of the year	570,484	570,484
Movement	(205,138)	(205,138)
Carrying amount at end of year	365,346	365,346

Provision for Employee Benefits

A provision has been recognised for employee benefits relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of annual leave and long service leave, the probability of annual leave and long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION	2023	2022
	$	$
Key management personnel compensation	677,425	548,010
Total key management personnel compensation	677,425	548,010

NOTE 18: RESERVES

	2023	2022
	$	$
Revaluation Surplus		
Revaluation surplus on land and buildings net of tax	10,209,266	10,228,828
Revaluation surplus on investment property net of tax	466,101	448,667
Total revaluation surplus	10,675,367	10,677,495

Revaluation Surplus

The revaluation surplus reflects the change in the fair value of land and buildings and investment property based on independent valuations completed by the Group on at least a triennial basis, net of the impact of taxation which is reflected in deferred tax liability. Refer to Note 1(f) and (p) and notes 9, 10 and 15 for more detail of movement.

NOTE 19: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

(a) Subsidiary entity

The subsidiary entity is:

— TWC Elements Holdings Pty Ltd, a company incorporated in New South Wales

At 30 June 2023 the company owned 100% of the share capital of TWC Elements Holdings Pty Ltd.

(b) Transactions with subsidiary entity

The company is being provided with an interest free loan from TWC Elements Holdings Pty Ltd. At 30 June 2023 the value of the loan is $24,879,898.

In addition, the company has agreed to provide financial support to TWC Elements Holdings Pty Ltd as and when required.

(c) Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

During the year certain transactions were made with the Group's Directors as set out below:

Type of Transaction	Terms and Conditions of Transaction	Related Party	Amount 2023 $	Amount 2022 $
Directors Fees/Honorarium	Directors Fees/Honorarium	Director	25,700	41,100
Out of Pocket	Provided free of charge	Director	1,893	2,330
Training	Provided free of charge	Director	790	1,649

The Directors also purchased goods and services from the Group on the same terms and conditions available to the Group's employees, members and guests.

NOTE 20: PARENT ENTITY FINANCIAL INFORMATION	**2023**	**2022**
	$	**$**

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position		
ASSETS		
Current assets	4,074,766	5,826,440
Non-current assets	60,481,571	56,578,517
Total assets	64,556,337	62,404,957
LIABILITIES		
Current liabilities	26,410,616	25,625,334
Non-current liabilities	2,237,712	1,966,298
Total liabilities	28,648,328	27,591,632
Net assets	35,908,009	34,813,325
EQUITY		
Retained earnings	25,232,642	24,135,830
Reserves	10,675,367	10,677,495
Total equity	35,908,009	34,813,325
Statement of Profit or Loss and Other Comprehensive Income		
Profit after tax attributable to members	1,096,812	793,348
Total other comprehensive income net of tax	(2,128)	10,677,495
Total comprehensive income for the year attributable to members	1,094,684	11,470,843

NOTE 21: AUDITOR'S REMUNERATION

Remuneration of the auditor:		
— Audit of the financial statements	24,000	23,000
	24,000	23,000

NOTE 22: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist of deposits with banks, accounts receivable and payable, resident loans, and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

	Note	2023	2022
		$	$
Financial Assets			
Financial assets at amortised cost			
- Cash and cash equivalents	5	3,938,639	7,345,387
- Trade and other receivables	6	12,323	14,786
Total financial assets		3,950,962	7,360,173
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	12	819,764	1,030,593
- Resident loans	13	26,175,238	26,127,900
- Borrowings	14	301,706	1,750,118
Total financial liabilities		27,296,708	28,908,611

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any event of material and unusual nature that has arisen, in the interval between the end of the financial year and the date of this report, which would significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 24: ENTITY DETAILS

The registered office of the company is:

Toronto District Workers Club Limited

9 James Street

TORONTO NSW 2283

TORONTO DISTRICT WORKERS CLUB LIMITED

ABN 16 000 991 266

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 30, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards – Simplified Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated Group.

2. In the Directors' opinion there are reasonable grounds to believe that the Group 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 ....
Jeff Hogan (President)

Director ....
Stephen Woodbridge (Vice President)

Dated this 18th day of September 2023

TORONTO DISTRICT WORKERS CLUB LIMITED
ABN 16 000 991 266
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TORONTO DISTRICT WORKERS CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the consolidated financial report of Toronto District Workers Club Limited and controlled entity, which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date including a summary of significant accounting policies and other explanatory notes and the Director's declaration.

In our opinion, the accompanying financial report of Toronto District Workers Club Limited is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Regulations 2001.*

Basis of 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board 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 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 Toronto District Workers Club Limited, 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of 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 - Simplified 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 misstatements, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

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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 the 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We 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 we identify during the audit.

FORTUNITY ASSURANCE

Adrian Thompson
Partner

155 The Entrance Road Erina NSW 2250

18 September 2023