

# 2024 ANNUAL REPORT

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**CESSNOCK**  
HOSPITALITY GROUP

**Cessnock Leagues Club**

Darwin St, Cessnock

**Vincent Street Kitchen + Bar**

Vincent St, Cessnock

**Wine Country Motor Inn**

Darwin St, Cessnock

**Paxton Bowling Club**

Clift St, Paxton

# NOTICE OF ANNUAL GENERAL MEETING

ACN 001 559 548



**NOTICE** is hereby given that the Annual General Meeting of **CESSNOCK HOSPITALITY GROUP LTD.** is to be held on **Sunday, 17 November 2024** commencing at **10:30am** at the premises of the registered office of the Club at Darwin Street, Cessnock in the State of New South Wales.

## AGENDA

1. Apologies.
2. To confirm and adopt the Minutes of the Annual General Meeting of the Club.
3. To receive and consider the Directors' report, financial report and auditors' report on the financial report for the last financial year, and any other reports of the Board or of individual officers of the Club. Copies of these reports are available on request at the Club and on the Club's website.

**Note:** Members who may have questions in relation to any report are requested to submit their questions in writing to the Club Manager **by 12pm on Friday, 15 November 2024**. This will allow sufficient time for information to be gathered, or research undertaken. If questions are not submitted in this manner, the Club may not be able to provide a complete answer at the Annual General Meeting.

4. To consider the Ordinary Resolution set out below.
5. To declare the results of the Election of the Board of Directors.
6. To deal with any business of which due notice has been given.
7. General Business.

## PROCEDURAL MATTERS FOR RESOLUTIONS

1. The Resolutions should be read in conjunction with the Notes to Members that follow each resolution.
2. To be passed, the Ordinary Resolution must receive votes in its favour from a majority (50%+1) of those members who being eligible to do so vote in person on the Ordinary Resolution at the meeting.
3. To be passed, a Special Resolution must receive votes in its favour from three quarters (75%) of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
4. The Registered Clubs Act provides that members who are employees of the Club are not entitled to vote and proxy voting is prohibited.
5. The Board recommends the Resolutions to members.

## ORDINARY RESOLUTION

- (a) That the members hereby approve expenditure by the Club until the next Annual General Meeting of the Club for the following:
  - (i) The President and Treasurer receive a **\$3,000 honorarium** and the Vice Presidents and Directors receive a **\$2,500 honorarium** for services rendered since the date of the Club's previous Annual General Meeting.
  - (ii) The reasonable costs of Directors attending seminars, lectures and other educational activities as determined by the Board from time to time.

- (iii) The reasonable costs (including travel, accommodation, meals and beverage expenses) of Directors (and their spouses/partners if required) attending meetings, conferences and trade shows conducted by ClubsNSW, the Club Managers Association, the Leagues Clubs Association and such other conferences and trade shows as determined by the Board from time to time. Also, that each Director attending these meetings, conferences and trade shows be provided with an allowance of \$100 per night to cover any additional out of pocket expenses.
  - (iv) The reasonable cost of Directors (and their spouses/partners if required) attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
  - (v) The reasonable cost of Directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
  - (vi) The reimbursement of reasonable out of pocket expenses incurred by Directors travelling to and from Board meetings or other duly constituted meetings of any committee of the Board.
  - (vii) The reasonable cost of meals for each Director in respect of a Board or committee meeting on the day of that meeting, when such meeting coincides with a normal meal time.
  - (viii) The reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
  - (ix) The reasonable cost of Club apparel being provided to Directors as required.
  - (x) The reasonable cost of an annual Christmas Dinner, including meals and beverage expenses, for Directors and their Partners.
  - (xi) Access to a credit card for the use of the President in respect of his duties as President of the Club.
  - (xii) The reasonable cost of an electronic device (tablet) being made available to Directors in respect of their duties as Directors of the Club.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are Directors of the Club (and their spouses/partners in the circumstances set out in (ii), (iii) and (iv) above).

#### **Notes to Members on Ordinary Resolution**

1. The Ordinary Resolution is to have the members in general meeting approve expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club and for other out of pocket expenses.
2. Included in the Ordinary Resolution is the reasonable cost of:
  - (a) Directors attending functions as representatives of the Club and, if required, the costs of their spouses/partners also attending those functions;
  - (b) an electronic device (tablet) being made available to Directors in respect of their duties as Directors;

By direction of the Board,  
Paul Cousins | Chief Executive Officer  
Friday, 27 September 2024







PICTURED: Recipients and club representatives at Cessnock Leagues Club's 2024 ClubGRANTS presentation.

## Cessnock Leagues Club's 2024 ClubGRANTS program distributed \$80,544 across 18 organisations

- \$5,000 Hunter Food Relief Centre
- \$4,500 Cessnock City Library
- \$3,725 Girls Who Roar Pty Ltd.
- \$6,745 The Top Blokes Foundation
- \$7,500 The Rotary Club of Cessnock
- \$1,000 Prostate Survival Alliance Inc.
- \$2,000 We Care Connect
- \$5,634 Spirit of Giving Fundraising Hub
- \$2,690 Road Safety Education Ltd.
- \$10,000 Little Wings Ltd.
- \$2,500 Northern NSW Helicopter Rescue Service Ltd.
- \$3,750 Cessnock City Council
- \$3,000 Inspiring Hope
- \$2,500 Mark Hughes Foundation
- \$10,000 Life Education NSW
- \$5,000 Carrie's Place
- \$2,500 Newcastle Rugby League
- \$2,500 Family of League Foundation

Applications for next year's fund open on February 1, 2025. Scan the QR code to find out more:







**CESSNOCK  
LEAGUES CLUB**

*Home of the Goannas*

# WHO WE SUPPORTED IN 2023-24

## CLUBGRANTS

- Hunter Food Relief Centre
- Cessnock City Library
- Girls Who Roar
- Top Blokes Foundation
- The Rotary Club of Cessnock
- Prostate Survival Alliance
- We Care Connect
- Spirit of Giving Fundraising Hub
- Road Safety Education
- Little Wings
- Northern NSW Helicopter Rescue Service
- Cessnock City Council – Hobby to Microbusiness program
- Inspiring Hope
- Mark Hughes Foundation
- Life Education NSW
- Carrie's Place Domestic Violence & Homelessness Services
- Newcastle Rugby League
- Family of League Foundation
- Cessnock City Council – Mayoral Scholarship program

## CESSNOCK SCHOOLS EDUCATION FUND

- Mount View High School
- Cessnock High School
- Congewai Public School
- Cessnock Public School
- St Patrick's Primary School Cessnock
- Ellalong Public School
- Paxton Public School
- Kearsley Public School

## SPORTS & COMMUNITY GROUPS FUND

- Cessnock Family Support Service
- Cessnock RSL – ANZAC Day
- Coalfields United Amateur Swimming Club
- Commando Welfare Trust
- The Vintage Junior Golf
- UBU Sports Aerobics & Fitness
- Abermain Eisteddfod Society
- Wine Country Cricket Club
- Cessnock Community Garden
- The Rotary Club of Cessnock

## CESSNOCK RURAL FIRE SERVICE FUND

- Central Rural Fire Brigade
- Greta Rural Fire Brigade

## SPORTING CLUB SPONSORSHIP

- Cessnock Goannas Rugby League Football Club
- Cessnock Minor Rugby League
- Cessnock City Hornets FC
- Cessnock District Netball Association
- Cessnock Basketball Association
- Cessnock District Hockey Association
- Cessnock Supporters Cricket Club

## EVENT SPONSORSHIP

- Cessnock Stomp Festival
- Cessnock Customer Service Awards
- Australian Postie Bike Grand Prix
- Cessnock City Seniors Festival
- Cessnock Show

Find out more about our Community Support programs at [cessnockleagues.com.au/the-club/community-support](https://cessnockleagues.com.au/the-club/community-support)

\*The ClubGRANTS funding year runs from September 2023 to August 2024.

## TOTAL DONATIONS

Funds and  
in-kind support

**\$231,587**

**Cessnock Hospitality Group Limited**  
ABN 25 001 559 548

# **Financial Report**

**30 June 2024**

**Cessnock Hospitality Group Limited**  
**Financial Report – 30 June 2024**

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## Directors' Report

Your directors present their report on Cessnock Hospitality Group Limited for the year ended 30 June 2024.

### Directors

The following persons were directors of Cessnock Hospitality Group Limited during the financial year and up to the date of this report:

B Wilson OAM  
J Marjoribanks  
S Edwards  
G Walker  
R Murray  
G Gorton  
K Nickerson  
I Cooper (Appointed on 27 February 2024)  
M Ralph (Appointed on 25 June 2024)  
G Barry (Resigned on 27 February 2024)  
L King (Resigned on 28 May 2024)

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

### Principal activities

The Club's principal continuing activities during the year consisted of operating as a registered club and providing amenities to members and their guests, operating a Motel providing accommodation facilities to members, their guests and the wider community.

The Club's short-term objectives are to:

- Exceed members and guests needs and expectations on the provision of facilities, products and services.
- 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.

The Club's long-term objectives are to:

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

To achieve these objectives, the Club has adopted the following strategies:

- The board of directors, management and staff together are committed to achieving the 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 review and evaluation of business practices using the opinions of members and their guests, staff and professional alliances.

No significant changes in the nature of the Club's activities occurred during the year.

### Review of operations

	2024	2023
	\$	\$
Net profit/(loss)	<u>1,476,892</u>	<u>2,382,985</u>

### Matters subsequent to the end of the financial year

The Club is developing plans for the redevelopment of the Cessnock Leagues Club.

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



**Directors' Report**

(continued)

**Information on Directors**

<i>Director</i>	<i>Experience</i>	<i>Special Responsibilities</i>	<i>Expertise</i>
B Wilson OAM	Director for 16 years	President	Retired Newspaper Manager
J Marjoribanks	Director for 26 years	Vice President	Retired Mine Worker
S Edwards	Director for 16 years	Vice President	Mining Technician
G Walker	Director for 6 years	Treasurer	Retired Bank Manager
R Murray	Director for 12 years	Director	Retired Workshop Supervisor
G Gorton	Director for 21 years	Director	Community Representative Maitland Local Health Committee
K Nickerson	Director for 8 years	Director	Aged Care Service Employee
I Cooper	Director for 7 months	Director	Business Owner
M Ralph	Director for 3 months	Director	CEO of Health Insurance Fund

**Meetings of Directors**

The number of meetings of the Club's directors held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	<b>Normal meetings</b>		<b>Special meetings</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>	<b>Number eligible to attend</b>	<b>Number attended</b>
B Wilson OAM	12	12	-	-
J Marjoribanks	12	10	-	-
S Edwards	12	12	-	-
G Walker	12	12	-	-
R Murray	12	12	-	-
G Gorton	12	10	-	-
K Nickerson	12	7	-	-
L King	10	5	-	-
I Cooper	5	4	-	-
M Ralph	-	-	-	-

**Members' Guarantee**

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the Club. At 30 June 2024, the total amount that members of the Club are liable to contribute if the Club is wound up is \$365,180 (2023: \$330,760).

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and included on page 24.

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



B Wilson OAM  
President



G Walker  
Treasurer

Cessnock  
27 September 2024

## Club Property Declarations

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 30 June 2024, the classifications of the property held are as follows.

### Core Property:

#### Property Address

1 Darwin Street, Cessnock NSW 2325  
1A Darwin Street, Cessnock NSW 2325  
3-7 Darwin Street, Cessnock NSW 2325  
Lot 11 in Section M of Deposited Plan 9252, Cessnock NSW 2325  
Lot 1 in Deposited Pan 834726, Paxton 2325

#### Current Usage

Clubhouse and licenced premises for Cessnock Leagues Club  
Members' and guests' car park  
Motel  
Motel car park  
Clubhouse, Bowling Green & Surrounding Land For Paxton Bowling Club

### Non-core Property:

#### Property Address

Lot 9 and 10 in Section M of Deposited Plan 9252, Cessnock NSW 2325  
181 Wollombi Road, Cessnock NSW 2325  
183 Wollombi Road, Cessnock NSW 2325  
185 Wollombi Road, Cessnock NSW 2325  
187 Wollombi Road, Cessnock NSW 2325  
189 Wollombi Road, Cessnock NSW 2325  
Lot 47 in Deposited Plan 12136, Paxton 2325  
Lot 64 in Deposited Plan 12136, Paxton 2325  
Lot 1 in Deposited Plan 834726, Paxton 2325  
Lot 19 in Deposited Plan 12136, Paxton 2325

#### Current Usage

Landscaped area behind Motel  
Commercial Property  
Commercial Property  
Commercial Property  
Commercial Property  
Commercial Property  
Vacant Land  
Vacant Land  
Tennis Courts & Surrounding Land  
Residential Property

### Notes to Members

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Group as at the end of the financial year to which the report relates.
2. Core property is any real property owned or occupied by the Group that comprises:
  - a) The defined premises of the Group; or
  - b) Any facility provided by the Group for use of its members and their guests; or
  - c) Any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Group to be core property of the Group.
3. Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Group not to be core property.
4. The significance of the distinction between core property and non-core property is that the Group cannot dispose of any core property unless:
  - a) The property has been valued by a registered valuer within the meeting of the Valuers Act 2003; and
  - b) The disposal has been approved at a general meeting of the ordinary members of the Group at which the majority of the votes cast support the approval; and
  - c) Any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to:
  - a) Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer;
  - b) Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.

**Income Statement**

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>Revenue from continuing operations</b>	3	<b>18,002,258</b>	17,635,235
<b>Expenses from continuing operations</b>			
Cost of goods sold	4	2,521,825	2,540,897
Employee benefits expense		5,641,227	5,240,002
Depreciation and amortisation expenses	4	1,762,134	1,866,998
Borrowing cost expense	4	11,918	28,517
Other expenses from continuing operations		6,359,145	5,540,134
		<b>16,296,249</b>	15,216,548
<b>Profit/(loss) from continuing operations before income tax expense</b>		<b>1,706,009</b>	2,418,687
Income tax expense/(revenue)	5	229,117	35,702
<b>Net profit/(loss)</b>		<b>1,476,892</b>	2,382,985
<b>Total changes in equity</b>		<b>1,476,892</b>	2,382,985

*The above income statement should be read in conjunction with the accompanying notes.*

**Balance Sheet**

As at 30 June 2024

	Notes	2024 \$	2023 \$
<b>Current assets</b>			
Cash and cash equivalents	6,22	<b>6,001,405</b>	3,110,698
Receivables	7,22	<b>553,098</b>	392,788
Inventories	8	<b>139,582</b>	147,930
Other	9	<b>30,214</b>	21,374
Total current assets		<b>6,724,299</b>	3,672,790
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>20,214,347</b>	21,386,300
Deferred tax assets	11	<b>294,054</b>	450,303
Intangibles	12	<b>436,639</b>	436,639
Total non-current assets		<b>20,945,040</b>	22,273,242
<b>Total assets</b>		<b>27,669,339</b>	25,946,032
<b>Current liabilities</b>			
Payables	13,22	<b>1,432,126</b>	1,191,029
Interest bearing liabilities	14,22	<b>178,582</b>	162,262
Provisions	15	<b>545,229</b>	470,096
Other	16	<b>110,218</b>	126,856
Total current liabilities		<b>2,266,155</b>	1,950,243
<b>Non-current liabilities</b>			
Interest bearing liabilities	17,22	<b>81,634</b>	251,438
Provisions	18	<b>92,684</b>	60,113
Deferred tax liabilities	19	<b>255,284</b>	182,416
Other	20	<b>24,148</b>	29,280
Total non-current liabilities		<b>453,750</b>	523,247
<b>Total liabilities</b>		<b>2,719,905</b>	2,473,490
<b>Net assets</b>		<b>24,949,434</b>	23,472,542
<b>Equity</b>			
Retained profits	21	<b>24,949,434</b>	23,472,542
<b>Total equity</b>		<b>24,949,434</b>	23,472,542

*The above balance sheet should be read in conjunction with the accompanying notes.*

**Cash Flow Statement**

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		19,608,991	19,388,272
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(15,755,481)</u>	<u>(15,092,653)</u>
		3,853,510	4,295,619
Interest received		63,546	14,192
Borrowing costs		<u>(11,918)</u>	<u>(28,910)</u>
<b>Net cash inflow (outflow) from operating activities</b>	24	<u>3,905,138</u>	<u>4,280,901</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(871,147)	(1,436,911)
Payments for investment loan – Clubs 4 Fun		<u>10,200</u>	<u>35,000</u>
<b>Net cash inflow (outflow) from investing activities</b>		<u>(860,947)</u>	<u>(1,401,911)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(1,708,755)
Repayment of lease liabilities and other borrowings		<u>(153,484)</u>	<u>(99,912)</u>
<b>Net cash inflow (outflow) from financing activities</b>		<u>(153,484)</u>	<u>(1,808,667)</u>
<b>Net increase (decrease) in cash held</b>		2,890,707	1,070,323
Cash at the beginning of the financial year		<u>3,110,698</u>	<u>2,040,375</u>
<b>Cash at the end of the financial year</b>	6	<u>6,001,405</u>	<u>3,110,698</u>

*The above cash flow statement should be read in conjunction with the accompanying notes.*



Cessnock Hospitality Group Limited

## Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>Total equity at the beginning of the financial year</b>	21	<b>23,472,542</b>	21,089,557
<b>Total recognised income and expense for the year</b>		<b>1,476,892</b>	2,382,985
<b>Total equity at the end of the financial year</b>	21	<b><u>24,949,434</u></b>	<b><u>23,472,542</u></b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

30 June 2024

### Note 1. Summary of significant accounting policies

The financial statements are for Cessnock Hospitality Group Limited, incorporated and domiciled in Australia. Cessnock Hospitality Group Limited is a company limited by guarantee.

#### Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Company is a not-for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

#### Statement of Compliance

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the financial statements of the Company as a result of the change in the basis of preparation. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, 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 financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 18 October 2024 by the directors of the company.

#### Accounting Policies

##### (a) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## Notes to the Financial Statements

30 June 2024 (continued)

### Note 1. Summary of significant accounting policies (continued)

**(b) Inventories**

Inventories are measured at the lower of cost and current replacement cost.

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

**(c) Property, plant and equipment**

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

**Freehold Property**

Freehold land and buildings are measured on the cost basis. The carrying amount of freehold land and buildings is reviewed to ensure it is not in excess of the recoverable amount based on valuations by external independent valuers, less subsequent depreciation for 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 credited to a revaluation reserve 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 revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

**Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

**Depreciation**

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

The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	1-20 years

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

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

**(d) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the At inception of a contract, the Entity 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 Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised 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 commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

## Notes to the Financial Statements

30 June 2024 (continued)

### Note 1. Summary of significant accounting policies (continued)

#### (d) Leases (continued)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

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 Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### (e) Financial Instruments

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 equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

##### **Classification and Subsequent Measurement**

Financial instruments are subsequently measured at fair value (refer to Note 1(q)), amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

##### **(i) Financial assets at fair value through profit or loss**

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

##### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

##### **(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

## Notes to the Financial Statements

30 June 2024 (continued)

### Note 1. Summary of significant accounting policies (continued)

#### (e) Financial Instruments (continued)

##### *(iv) Available-for-sale financial assets*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

##### *(v) Financial Liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

#### **Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

#### **Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (g) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue is recognised for the major business activities as follows:

##### *(i) Poker Machines*

Revenue is recognised as the net amount cleared from all machines.

##### *(ii) Other*

A sale is recorded when the goods or services have been provided to the customer.

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



## Notes to the Financial Statements

30 June 2024 (continued)

### Note 1. Summary of significant accounting policies (continued)

**(h) Intangibles**

**Poker machine Entitlements**

Entitlements are recognised at cost of acquisition. Entitlements have an infinite life. Entitlements are tested annually for impairment and carried at cost less accumulated impairment losses.

**(i) Employee benefits**

*Short-term employee benefits*

Provision is made for the company'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 company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the balance sheet.

*Other long-term employee benefits*

The company 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 company'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 company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company 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.

*Retirement benefit obligations*

*Defined contribution superannuation benefits*

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the regulated fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's balance sheet.

**(j) Provisions**

Provisions are recognised when the entity 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 the end of the reporting period.

**(k) 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 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(l) Trade and other payables**

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

**(m) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

## Notes to the Financial Statements

30 June 2024 (continued)

### Note 1. Summary of significant accounting policies (continued)

**(n) Goods and Service 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 as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement 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.

**(o) Comparative figures**

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

**(p) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**Key estimates**

*Impairment*

The freehold land and buildings were independently valued on 24 April 2006 by Wise & Horton. The valuation was based on the fair value in accordance with *AASB 116: Property, Plant and Equipment*. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At 30 June 2024, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers during the 2006 year and do not believe there has been a significant change in the assumptions at 30 June 2024. The directors therefore believe the carrying value of the land correctly reflects the fair market value at 30 June 2024.

**(q) Fair Value of Assets and Liabilities**

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

'Fair value' is the price the entity 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 the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. 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 (if any) 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.

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 2. Segment information**

The entity operates in 2 industries, being the Club and Motel industries. The entity operates predominantly in 1 geographical area, being Cessnock, New South Wales.

**Note 3. Revenue**

	2024	2023
	\$	\$
<b>Revenue from operations</b>		
Sale of goods – Leagues	3,664,198	3,515,033
Services – Leagues	8,903,167	8,564,345
Sale of goods – Paxton	605,164	461,681
Services – Paxton	305,508	218,911
Sale of goods – Vincent Street	1,602,030	1,909,093
Services – Vincent Street	902,713	872,933
Services – Motel	1,511,187	1,732,163
	<u>17,493,967</u>	<u>17,274,159</u>
<b>Other Revenue</b>		
Interest	115,776	14,192
Government Assistance	-	10,627
Government Grant	27,500	-
Government Training Subsidies	204,857	171,673
Profit on Sale of Assets	-	15,520
Rent – Commercial properties	151,930	148,532
Rent – Residential properties	8,228	532
	<u>508,291</u>	<u>361,076</u>
<b>Revenue from continuing operations</b>	<u>18,002,258</u>	<u>17,635,235</u>

**Note 4. Profit/(loss) from continuing operations**

	2024	2023
	\$	\$
<b>Net gains and expenses</b>		
Profit/(loss) from continuing operations before income tax expense includes the following specific net gains and expenses:		
<b>Expenses</b>		
Cost of sales of goods:		
Bar – Leagues	624,162	576,264
Catering – Leagues	815,238	832,634
Function Centre – Leagues	100,426	103,199
Bar – Paxton	186,153	128,400
Catering – Paxton	101,949	89,459
Bar – Vincent Street	329,138	362,045
Catering – Vincent Street	348,981	430,054
Motel	15,778	18,842
	<u>2,521,825</u>	<u>2,540,897</u>
Depreciation and amortisation expense:		
Buildings	544,129	540,860
Plant and equipment	1,070,955	1,179,130
Right-of-use asset – Vincent Street	130,461	130,461
Right-of-use asset – Photocopier	16,589	16,547
Total depreciation and amortisation expense	<u>1,762,134</u>	<u>1,866,998</u>

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 4. Profit/(loss) from continuing operations (continued)**

	2024	2023
	\$	\$
Borrowing costs:		
Bank charges	927	10,914
Interest	10,991	17,603
Interest and finance charges paid/payable	<u>11,918</u>	<u>28,517</u>
Net (profit)/loss on disposal of property, plant and equipment	<u>270,766</u>	<u>(15,520)</u>
Employee entitlements	<u>472,445</u>	<u>358,198</u>

**Note 5. Income tax**

	2024	2023
	\$	\$
<b>Income tax expense</b>		
Current income tax (revenue) expense	-	-
Deferred income tax (revenue) expense	<u>229,117</u>	<u>35,702</u>
	<u>229,117</u>	<u>35,702</u>

**(a) Reconciliation of deferred income tax expense**

Deferred income tax (revenue) expense included in income tax expense comprises:

Decrease (increase) in deferred tax assets (note 11)	156,249	142,461
(Decrease) increase in deferred tax liabilities (note 19)	<u>72,868</u>	<u>(106,759)</u>
	<u>229,117</u>	<u>35,702</u>

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

Pre-tax profit	<u>1,706,009</u>	2,418,687
Tax at Australian tax rate of 25.00% (2023 – 25.00%)	<u>426,502</u>	604,672
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Non-Deductible Items	592,645	562,762
Other Assessable Income		
Tax Depreciation and capital works	<u>(237,328)</u>	(499,520)
Non-Assessable Income	<u>(13,058)</u>	-
Other Deductible Expenses	<u>(118,697)</u>	(46,688)
Effect of Mutuality	<u>(484,946)</u>	(481,498)
Tax losses accumulated (used)	<u>(165,118)</u>	(139,728)
Total income tax expense (revenue)	<u>-</u>	<u>-</u>

**Note 6. Current assets – Cash and cash equivalents**

	2024	2023
	\$	\$
Cash at bank and on hand	<u>6,001,405</u>	3,110,698
	<u>6,001,405</u>	<u>3,110,698</u>

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

Balances as above	<u>6,001,405</u>	3,110,698
Less: Bank overdrafts	-	-
Balances per cash flow statement	<u>6,001,405</u>	<u>3,110,698</u>

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 7. Current assets – Receivables**

	2024	2023
	\$	\$
Trade debtors	120,267	99,940
Other debtors	282,831	142,848
Investment Loan - Clubs4Fun	150,000	150,000
	<u>553,098</u>	<u>392,788</u>

**Note 8. Current assets – Inventories**

	2024	2023
	\$	\$
Retail stock – at cost	<u>139,582</u>	<u>147,930</u>

**Note 9. Current assets – Other**

	2024	2023
	\$	\$
Prepayments	<u>30,214</u>	<u>21,374</u>

**Note 10. Non-current assets – Property, plant and equipment**

	2024	2023
	\$	\$
<b>Land and buildings</b>		
Freehold land at cost	<u>3,916,338</u>	<u>3,916,338</u>
Buildings at cost	21,786,097	21,688,200
Less: Accumulated depreciation	<u>(8,740,559)</u>	<u>(8,200,946)</u>
	<u>13,045,538</u>	<u>13,487,254</u>
Total land and buildings	<u>16,961,876</u>	<u>17,403,592</u>
<b>Plant and equipment</b>		
At cost	13,441,922	13,328,518
Less: Accumulated depreciation	<u>(10,409,291)</u>	<u>(9,712,700)</u>
Total plant and equipment	<u>3,032,631</u>	<u>3,615,818</u>
<b>Right-of-use Assets</b>		
Vincent Street Property	913,227	913,227
Less: Accumulated amortisation	<u>(750,151)</u>	<u>(619,690)</u>
	<u>163,076</u>	<u>293,537</u>
Photocopier	82,942	82,942
Less: Accumulated amortisation	<u>(26,178)</u>	<u>(9,589)</u>
	<u>56,764</u>	<u>73,353</u>
Total right-of-use assets	<u>219,840</u>	<u>366,890</u>
Total Property, plant and equipment	<u>20,214,347</u>	<u>21,386,300</u>



**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 10. Non-current assets – Property, plant and equipment (continued)****Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as set out below:

	Freehold land \$	Buildings \$	Plant and equipment \$	Right-of-use Asset \$	Total \$
Carrying amount at 1 July 2023	3,916,338	13,487,254	3,615,818	366,890	21,386,300
Additions	-	298,081	576,022	-	874,103
Disposals	-	(195,668)	(88,254)	-	(283,922)
Depreciation/amortisation expense	-	(544,129)	(1,070,955)	(147,050)	(1,762,134)
Carrying amount at 30 June 2024	<u>3,916,338</u>	<u>13,045,538</u>	<u>3,032,631</u>	<u>219,840</u>	<u>20,214,347</u>

**Note 11. Non-current assets – Deferred tax assets**

	2024 \$	2023 \$
The balance comprises temporary differences attributable to:		
Employee benefits	29,828	24,050
Payables	17,948	14,857
Tax losses	246,278	411,396
Net deferred tax asset	<u>294,054</u>	450,303
Less: deferred tax assets at 30 June 2023	<u>450,303</u>	592,764
Decrease (increase) in deferred tax included in income tax expense (note 5)	<u>156,249</u>	142,461

**Note 12. Non-current assets – Intangibles**

	2024 \$	2023 \$
Poker machine entitlements	<u>436,639</u>	436,639

**Note 13. Current liabilities – Payables**

	2024 \$	2023 \$
Trade creditors and payables	462,234	307,399
Net GST liability	304,060	289,667
PAYG withheld	79,427	76,387
Accrued expenses	343,986	286,338
Poker Machine duty payable	158,689	118,543
Other creditors	83,730	112,695
	<u>1,432,126</u>	1,191,029

**Note 14. Current liabilities – Interest bearing liabilities**

	2024 \$	2023 \$
<b>Secured</b>		
Credit Cards	8,779	1,677
Vincent Street Lease	153,588	145,038
Photocopier Lease	16,215	15,547
	<u>178,582</u>	162,262

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 15. Current liabilities – Provisions**

	2024	2023
	\$	\$
Bonus points	207,498	178,478
Employee entitlements	337,731	291,618
	<u>545,229</u>	<u>470,096</u>

**Note 16. Current Liabilities – Other**

	2024	2023
	\$	\$
Income in advance	<u>110,218</u>	<u>126,856</u>

**Note 17. Non-current liabilities – Interest bearing liabilities**

	2024	2023
	\$	\$
<b>Secured</b>		
Vincent Street Lease	39,517	193,106
Photocopier Lease	42,117	58,332
	<u>81,634</u>	<u>251,438</u>

**Note 18. Non-current liabilities – Provisions**

	2024	2023
	\$	\$
Employee entitlements	<u>92,684</u>	<u>60,113</u>

**Note 19. Non-current liabilities – Deferred tax liabilities**

	2024	2023
	\$	\$
The balance comprises of temporary differences attributable to:		
Depreciation	251,664	179,185
Prepayments	3,620	3,231
Net deferred tax liabilities	<u>255,284</u>	<u>182,416</u>
Less: deferred tax liabilities at 30 June 2023	182,416	289,175
Increase (decrease) in deferred tax liabilities included in income tax expense (note 5)	<u>72,868</u>	<u>(106,759)</u>

**Note 20. Non-current Liabilities – Other**

	2024	2023
	\$	\$
Income in advance	<u>24,148</u>	<u>29,280</u>

**Note 21. Reserves and retained profits**

	2024	2023
	\$	\$
<b>Retained profits</b>		
Retained profits at the beginning of the financial year	23,472,542	21,089,557
Net profit/(loss)	1,476,892	2,382,985
Retained profits at the end of the financial year	<u>24,949,434</u>	<u>23,472,542</u>

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 22. Financial instruments****(a) Interest rate risk exposures**

The entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the entity intends to hold fixed rate assets and liabilities to maturity.

2024	Notes	Fixed interest maturing in:					Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-Interest Bearing	
		\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and deposits	6	5,000	4,000,000	-	-	1,996,405	6,001,405
Receivables	7	-	-	-	-	553,098	553,098
		<u>5,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>2,549,503</u>	<u>6,554,503</u>
Weighted average interest rate		3.95%	4.69%				
<b>Financial liabilities</b>							
Trade and other creditors	13	-	-	-	-	1,432,126	1,432,126
Credit Cards	14	8,779	-	-	-	-	8,779
Lease Liabilities	14,17	-	169,803	81,634	-	-	251,437
		<u>8,779</u>	<u>169,803</u>	<u>81,634</u>	<u>-</u>	<u>1,432,126</u>	<u>1,692,342</u>
Weighted average interest rate		16.65%	3.49%	3.83%			
Net financial assets (liabilities)		<u>(3,779)</u>	<u>3,830,197</u>	<u>(81,634)</u>	<u>-</u>	<u>1,117,377</u>	<u>4,862,161</u>

2023	Notes	Fixed interest maturing in:					Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-Interest Bearing	
		\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash and deposits	6	18,095	1,000,000	-	-	2,092,603	3,110,698
Receivables	7	-	-	-	-	392,788	392,788
		<u>18,095</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>2,485,391</u>	<u>3,503,486</u>
Weighted average interest rate		0.56%	4.58%				
<b>Financial liabilities</b>							
Trade and other creditors	13	-	-	-	-	1,191,029	1,191,029
Credit Cards	14	1,677	-	-	-	-	1,677
Lease Liabilities	14,17	-	160,585	251,438	-	-	412,023
		<u>1,677</u>	<u>160,585</u>	<u>251,438</u>	<u>-</u>	<u>1,191,029</u>	<u>1,604,729</u>
Weighted average interest rate		20.24%	3.50%	3.60%			
Net financial assets (liabilities)		<u>16,418</u>	<u>839,415</u>	<u>(251,438)</u>	<u>-</u>	<u>1,294,362</u>	<u>1,898,757</u>

**(b) Net fair value of financial assets and liabilities***On-balance sheet*

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts. The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

**Notes to the Financial Statements**

30 June 2024 (continued)

**Note 23. Remuneration of directors**

	2024	2023
	\$	\$
Income paid or payable, or otherwise made available to directors in connection with the management of affairs of the Company	<b>21,000</b>	27,208

The number of directors whose total income from the Company was within the specified bands are as follows:

\$	\$	2024	2023
0	- 10,000	<b>11</b>	10

**Note 24. Reconciliation of profit/(loss) after income tax to net cash inflow (outflow) from operating activities**

	2024	2023
	\$	\$
Operating profit/(loss) after income tax	<b>1,476,892</b>	2,382,985
Depreciation and amortisation	<b>1,762,134</b>	1,866,998
Profit/(loss) on disposal of property, plant and equipment	<b>270,766</b>	(15,520)
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors	<b>(160,310)</b>	8,941
(Increase) decrease in inventories	<b>8,348</b>	(16,533)
(Increase) decrease in prepayments	<b>(8,840)</b>	206,804
(Increase) decrease in deferred tax assets	<b>156,249</b>	142,461
Increase (decrease) in trade creditors	<b>241,097</b>	(157,985)
Increase (decrease) in other operating liabilities	<b>(21,770)</b>	(59,272)
Increase (decrease) in provisions	<b>107,704</b>	28,781
Increase (decrease) in deferred tax liabilities	<b>72,868</b>	(106,759)
Net cash inflow (outflow) from operating activities	<b>3,905,138</b>	4,280,901

Cessnock Hospitality Group Limited

## Directors' Declaration

In accordance with a resolution of the directors of Cessnock Hospitality Group Limited (the Company), the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 20, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards – Simplified Disclosures; and
  - (b) give a true and fair view of the financial position of the Company as at 30 June 2024 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



B Wilson OAM  
President



G Walker  
Treasurer

Cessnock  
27 September 2024



## Independent Audit Report to the Members

of Cessnock Hospitality Group Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the accompanying financial report of Cessnock Hospitality Group Limited (the Company) as set out pages 4 to 21, which comprises the balance sheet as at 30 June 2024, the income statement, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Cessnock Hospitality Group Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

#### *Basis for Opinion*

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cessnock Hospitality Group 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 audit 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 company'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 Disclosures and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Independent Audit Report to the Members of Cessnock Hospitality Group Limited (continued)

### *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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 our audit.



BE McEwan CA  
Registered Company Auditor  
Newcastle  
18 October 2024

McEwan and Partners Pty Limited  
Chartered Accountants

**BUSINESS | AUDIT | TAXATION**

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MCEWAN AND PARTNERS PTY LIMITED ABN 59 097 329 274

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## Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cessnock Hospitality Group Limited for the year ended 30 June 2024.



BE McEwan CA  
Registered Company Auditor  
Newcastle  
18 October 2024

McEwan and Partners Pty Limited  
Chartered Accountants

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## **Disclaimer of Opinion on Additional Financial Data of Cessnock Hospitality Group Limited**

The additional financial data on page 26 is in accordance with the books and records of Cessnock Hospitality Group Limited which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2024.

It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.



BE McEwan CA  
Registered Company Auditor  
Newcastle  
18 October 2024

McEwan and Partners Pty Limited  
Chartered Accountants

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**Operating Statement**

30 June 2024

	2024	2023
	\$	\$
<b>Group Trading</b>		
<b><i>Cessnock Leagues Club</i></b>		
Bar trading	476,762	419,932
Gaming trading	5,530,237	5,366,539
Catering trading	(4,147)	12,942
Bingo trading	(21,871)	(15,964)
Entertainment trading	(111,888)	(92,368)
Functions trading	85,475	112,321
Raffle trading	3,742	(2,676)
	<u>5,958,310</u>	<u>5,800,726</u>
<b><i>Paxton Bowling Club</i></b>		
Bar trading	100,984	76,770
Gaming trading	210,072	132,721
Catering trading	(30,873)	(16,392)
Raffle trading	(1,126)	(11,023)
Men's Bowling Club	(1,210)	1,011
Women's Bowling Club	(2,286)	1,137
	<u>275,561</u>	<u>184,224</u>
<b><i>Vincent Street</i></b>		
Bar trading	118,820	218,383
Gaming trading	597,281	545,401
Catering trading	(48,835)	(21,587)
	<u>667,266</u>	<u>742,197</u>
<b><i>Property Investments</i></b>	87,322	87,030
<b><i>Wine Country Motel</i></b>	340,686	503,912
<b><i>Profit from Group Trading</i></b>	<u>7,329,145</u>	<u>7,318,089</u>
<b>Other Income</b>		
ATM commission	128,751	123,213
Government Grant	27,500	-
Government Support payments	-	10,627
Interest received	115,776	14,192
Members subscriptions	56,226	51,857
Rent - parts of Club	23,587	23,011
Sundry income	7,567	18,989
Vending commission	5,393	5,211
Wage Subsidy	204,857	171,673
<b><i>Total Other Income</i></b>	<u>569,657</u>	<u>418,773</u>
<b>Expenses</b>		
Community Support	342,209	296,184
Administration and other expenses	5,850,584	5,021,991
Income tax expense/(revenue)	229,117	35,702
<b><i>Total Expenses</i></b>	<u>6,421,910</u>	<u>5,353,877</u>
<b>Net trading profit</b>	<u>1,476,892</u>	<u>2,382,985</u>

The above operating statement has not been subject to audit. Refer to the disclaimer of opinion on additional financial data on page 25.