



CESSNOCK
HOSPITALITY GROUP

ANNUAL REPORT 2025

BUILDING FOR THE FUTURE



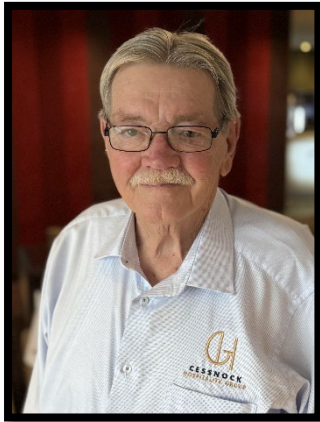
**CESSNOCK
LEAGUES CLUB**
Home of the Gannas



**PAXTON
BOWLING CLUB**
Home of the Woorabats



President's Report



I'm pleased to report to members another very successful year for the group that coincides with another exciting chapter in the club's history.

The group has been able to post a healthy profit of \$3.5 million profit over the past financial year and maintain solid cash reserves. This has allowed the club to continue its work in the community through \$396,487 worth of donations to many worthy causes.

The pleasing result in all facets is due to careful management that has enabled members being able to enjoy first-class amenities in a friendly and safe environment.

The major extensions and renovations will place the group in a strong position going forward with major future growth predicated for the city and surrounds. The project also places your club among the leading group in the Hunter region, something we can all be proud of. Management and the Board made wise purchases over a number of years to make way for the works.

Wine Country Motor Inn and Paxton Bowling Club also contribute to the overall strength of the group's performances and diverse opportunities.

There is no doubt any organisation's strength rests with its staff and the club is fortunate to have a dedicated group through all areas of the business. The club's strong position reflects the efforts of CEO Paul Cousins. His guidance and collaboration with treasurer Geoff Walker and support by the Board and Directors stand out as features for another successful year.

I would also like to take this opportunity to thank my fellow directors for their contributions to the continuing growth and success of the group and all the staff who provide excellent service.

As we move into the next phase of the club's proud history, I am confident our new surrounds will mean only greater successes going into the future.

Bruce Wilson OAM | President

Treasurer's Report



Cessnock Hospitality Group has recorded very pleasing outcomes for the 2024-2025 financial year.

This has included revenue from our continuing operations at \$20,215,880 which is an improvement of \$2,213,622 on the previous financial year. Our net profit after income tax expense was recorded at \$3,519,844. being \$2,042,952 more than twelve months ago.

During the year, we commenced action for the re-development on Wollombi Road, and this led to a reduction in the rental income being received, from the commercial and residential properties owned by the Group along that road.

In terms of the balance sheet there was an increase of \$3,519,844 in Net Equity on the previous year, showing a total equity of \$28,469,278 as of 30 June 2025. The increase in revenue and profit assisted in the growth of cash at bank and on hand. The improvement was by \$3,505,821, meaning that as of 30 June 2025, a total of \$9,507,226 was held to contribute towards the re-development and for ongoing operations.

The results achieved exceeded the budgeted expectations throughout the year.

Looking forward to the 2025-2026 financial year, we will see a changing picture as the Group moves into the redevelopment project. For the first time in several years, we will be moving into a borrowing environment, progressing into a situation of drawing down progress payments as construction continues and our own cash contribution depletes, with an expected completion by the end of the financial year.

We will no longer have rental income, investment income from interest, or lease payments for Vincent Street Kitchen and Bar from January 2026. These will be replaced with an increase in interest expense for the new loan facility.

The focus of the Board and Management will be on the completion of the re-development and then on debt reduction. With the Group growing so strongly and moving into a different environment, we are seeing a fair amount of change in our situation requiring monitoring and oversight by the Board. This has included reviewing all aspects of the business, both in terms of strategy and operations.

To ensure due diligence and good governance, the Board recently decided to review the audit requirements of the Group and instigated a tender process for external auditing covering the coming three years. The Board has been very satisfied with the manner in which our current auditors, McEwan and Partners have assisted the Group and provided advice and support over many years. It has been very much appreciated.

From strong financial results and profits, the Group is able to assist so many local organisations, from sporting groups at all levels, to local schools, the Rural Fire Service, community events and funding to charitable initiatives through ClubGRANTS. In 2024-2025 a total of \$343,257 was donated through financial and in-kind support by the Group.

It is only through the involvement of all of our stakeholders that we can achieve such pleasing outcomes which is achieved through effective management, communication, collaboration and teamwork.

The Board acknowledges and appreciates the contribution of CEO, Paul Cousins, with his personal responsibility and involvement for the financial management of the Group in both creating the budgets and exceeding the desired outcomes. The support and dedication of the Management Team and every member of our front-line team members working to ensure the best possible outcomes in each of our four areas of operations, is gratefully acknowledged.

In particular, we appreciate the continued and ongoing support of each and every one of our Members.

Geoff Walker | Treasurer

CEO's Report



I am pleased to present my sixteenth CEO's Report for the Cessnock Hospitality Group Ltd (CHG) for the financial year ending 30 June 2025.

Firstly, to our members, guests, and community partners, thank you for your loyalty and ongoing support. All the successes and highlights featured in this Annual Report would not have been possible without your ongoing support.

Major Projects and Redevelopment

The highlight of 2025 has been the commencement of construction works for the redevelopment of Cessnock Leagues Club. This landmark project will transform our flagship venue and redefine our member experiences for decades to come. This redevelopment will deliver:

- ✓ Over 2,000m² of outdoor space,
- ✓ Increased seating capacity of 1,500 seats across all areas,
- ✓ A new restaurant to the venue,
- ✓ Updated children's playground and outdoor green spaces for families, and
- ✓ Increased car parking capacity.

While the construction works has been focused on Wollombi Road and the car park, there has been little to no disruption on our regular operations. This will change over the coming months as the following works and changes are planned:

- Refurbishment of the Foyer (Nov-25 to Dec-25)
- Relocation of the Bistro and Gaming areas to the Function Centre (Jan-26 to May-26)
- Construction of the new Gaming area (Jan-26 to May-26)
- Construction of the new Sports Bar (May-26 to Jun-26)

Construction remains on track for completion in mid-2026 with total development costs currently forecasted at \$24.58 million, of which approximately half will be financed. I trust that members are looking forward to the completion of the redevelopment project and are excited about the new facilities that will be delivered over the coming months.

Financial Performance

The 2024/25 financial year has been one of exceptional progress, resilience, and preparation for transformational change. Building upon the solid foundations established in previous years, CHG has achieved record financial results while laying the groundwork for the redevelopment of Cessnock Leagues Club.

The Group recorded an outstanding net profit after tax of \$3.52 million, compared to last year's profit of \$1.48 million. Group revenues remained strong across all venues, supported by tight cost management, strong gaming performance, and continued growth in member engagement. Revenues exceeded budget forecasts across all businesses, with particularly strong results from Cessnock Leagues Club and steady performance at Wine Country Motor Inn.

Wage costs averaged around 21% of total revenue, consistently outperforming industry benchmarks, reflecting efficient rostering and operational discipline. Cash reserves remained healthy with a closing balance of \$9.51 million, ensuring that CHG entered the redevelopment project with strong liquidity.

These results reflect prudent management, effective budgeting, and the unwavering commitment of our entire team to deliver exceptional results in a challenging economic climate.

Yearly Highlights

Across the Group there were several highlights throughout the year:

- Successful relocation of all Wollombi Rd commercial tenants.
- Online raffles were launched and have been a highly successful format to engage with members outside our venue.
- Cessnock's 100kw solar system was replaced to deliver improved energy cost savings.
- Soft refurbishment of the Motel Reception.
- Our Social Gaming App 'Play City' was wound up due to technical issues and a lack of overall member engagement.

People, Culture, and Community

CHG's success is driven by our committed management and service teams. As we aim to deliver world-class facilities, our people remain our greatest asset. During the year, the Group recruited a dedicated Marketing Manager to strengthen our brand presence and support the communication strategy for the redevelopment project.

CHG remains deeply committed to its community. Over the past 12 months, the Group provided almost \$400,000 in support to fifty-three (53) local charities, sporting organisations, and schools, continuing our proud legacy of community investment.

Strategic Outlook

As we enter the 2025/26 financial year, our focus will remain on:

- Successfully delivering the redevelopment project on time and on budget.
- Ensuring business continuity and member engagement during the construction phase.
- Maintaining strong trading performances across all venues to fund reinvestment and sustain our community programs.
- Continuing to invest in our people through training, professional development, and wellbeing initiatives.

With solid financial results, clear strategic direction, and a unified leadership team, the Group is exceptionally well positioned to embark on this next exciting chapter.

Acknowledgements

I wish to extend my gratitude to President Bruce Wilson OAM, Treasurer Geoff Walker, and all members of the Board for their guidance and support throughout the year.

Special thanks also go to our Management Team, led by John Harwood and Chris Codd whose professionalism and commitment have been invaluable to the Group as we work towards future success.

Paul Cousins | Chief Executive Officer

WHO WE SUPPORTED IN

2024-25*

CLUBGRANTS

- The Rotary Club of Cessnock
- Kurri Kurri Community Services
- Carrie's Place
- Hunter Food Relief Centre
- SHINE for Kids
- We Care Connect
- Girls Who Roar
- Kiray Putjung Aboriginal Corporation
- Cessnock Family Support Service
- Prostate Survival Alliance Inc
- Newcastle Rugby League
- Friends of Palliative Care
- St Vincent de Paul Society NSW
- Autism Spectrum Australia
- PCYC Cessnock
- Clontarf Foundation
- Westpac Rescue Helicopter Service
- Little Wings Limited
- Family of League Foundation
- Samaritans
- Sunnyfield
- Mark Hughes Foundation
- Cessnock City Council

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

SPORTS & COMMUNITY GROUPS

- Cessnock Pony Club
- Watagan Endurance Riders Club
- Coalfields Local History Association
- UBU Sports Aerobics and Fitness
- Abermain Eisteddfod Society
- Kiray Putjung Aboriginal Corporation
- Disaster Relief Australia
- ReLove
- Cessnock Men's Shed
- Paxton Women's Bowling Club
- Cessnock RSL Sub-branch
- Abermain RSL Sub-branch

CESSNOCK SCHOOLS EDUCATION FUND

- Nulkaba Public School
- Laguna Public School
- Kearsley Public School
- Paxton Public School

CESSNOCK RURAL FIRE SERVICE FUND

- North Rothbury Rural Fire Brigade
- Central Rural Fire Brigade
- Greta Rural Fire Brigade

EVENT SPONSORSHIP

- Australian Postie Bike Grand Prix
- All Abilities Ball
- Cessnock Show
- Cessnock LGA Seniors Festival
- Westpac Rescue Helicopter Service Sports Luncheon

Find out more about our Community Support programs at
cessnockleagues.com.au/the-club/community-support

*The ClubGRANTS funding year runs from September 2024 to August 2025.

**TOTAL
DONATIONS**
Funds and
in-kind support
\$343,257

Cessnock Hospitality Group Limited
ABN 25 001 559 548

Financial Report

30 June 2025

Cessnock Hospitality Group Limited
Financial Report – 30 June 2025

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Directors' Report

Your directors present their report on Cessnock Hospitality Group Limited for the year ended 30 June 2025.

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
S Edwards
R Murray
G Walker
G Gorton
K Nickerson
I Cooper
M Ralph
K Gilbert (Appointed on 17 November 2024)
J Marjoribanks (Resigned on 17 November 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

	2025	2024
	\$	\$
Net profit/(loss)	<u>3,519,844</u>	<u>1,476,892</u>

Matters subsequent to the end of the financial year

Subsequent to year end, building works for the redevelopment of Cessnock Leagues Club are in progress under a construction contract with an estimated value of \$18,533,000 (excl. GST). Other development-related costs are currently estimated at approximately \$5,700,000. Practical completion is scheduled for June 2026.

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 17 years	President	Retired Newspaper Manager
S Edwards	Director for 17 years	Vice President	Mining Technician
R Murray	Director for 13 years	Vice President	Retired Workshop Supervisor
G Walker	Director for 7 years	Treasurer	Retired Bank Manager
G Gorton	Director for 22 years	Director	Community Representative Maitland Local Health Committee
K Nickerson	Director for 9 years	Director	Aged Care Service Employee
I Cooper	Director for 2 years	Director	Business Owner
M Ralph	Director for 2 years	Director	CEO of Health Insurance Fund
K Gilbert	Director for less than 1 year	Director	Retired Police Officer

Meetings of Directors

The number of meetings of the Club's directors held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Normal meetings		Special meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
B Wilson OAM	12	12	2	2
S Edwards	12	10	2	1
R Murray	12	12	2	2
G Walker	12	12	2	2
G Gorton	12	11	2	2
K Nickerson	12	9	2	2
I Cooper	12	11	2	2
M Ralph	12	12	2	2
K Gilbert	8	8	2	2
J Marjoribanks	4	4	-	-

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 2025, the total amount that members of the Club are liable to contribute if the Club is wound up is \$385,240 (2024: \$365,180).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2025 has been received and included on page 24.

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

Bruce Wilson

Bruce Wilson (Oct 14, 2025 16:41:04 GMT+11)

B Wilson OAM
President

G Geoff Walker

Geoff Walker (Oct 22, 2025 15:54:55 GMT+11)

G Walker
Treasurer

Cessnock
3 October 2025

Club Property Declarations

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 30 June 2025, 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 2025

	Notes	2025 \$	2024 \$
Revenue from continuing operations	3	20,215,880	18,002,258
Expenses from continuing operations			
Cost of goods sold	4	2,533,259	2,521,825
Employee benefits expense		5,956,717	5,972,623
Depreciation and amortisation expenses	4	1,580,813	1,762,134
Borrowing cost expense	4	19,090	11,918
Impairment loss		150,000	-
Other expenses from continuing operations		6,360,093	6,027,749
		16,599,972	16,296,249
Profit/(loss) from continuing operations before income tax expense		3,615,908	1,706,009
Income tax expense/(revenue)	5	96,064	229,117
Net profit/(loss)		3,519,844	1,476,892
Total changes in equity		3,519,844	1,476,892

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

Balance Sheet

As at 30 June 2025

	Notes	2025 \$	2024 \$
Current assets			
Cash and cash equivalents	6,22	9,507,226	6,001,405
Receivables	7,22	238,986	553,098
Inventories	8	144,534	139,582
Other	9	39,997	30,214
Total current assets		<u>9,930,743</u>	<u>6,724,299</u>
Non-current assets			
Property, plant and equipment	10	21,002,275	20,214,347
Deferred tax assets	11	75,208	294,054
Intangibles	12	436,639	436,639
Total non-current assets		<u>21,514,122</u>	<u>20,945,040</u>
Total assets		<u>31,444,865</u>	<u>27,669,339</u>
Current liabilities			
Payables	13,22	1,977,570	1,432,126
Interest bearing liabilities	14,22	98,773	178,582
Provisions	15	535,866	545,229
Other	16	88,959	110,218
Total current liabilities		<u>2,701,168</u>	<u>2,266,155</u>
Non-current liabilities			
Interest bearing liabilities	17,22	25,206	81,634
Provisions	18	89,996	92,684
Deferred tax liabilities	19	132,502	255,284
Other	20	26,715	24,148
Total non-current liabilities		<u>274,419</u>	<u>453,750</u>
Total liabilities		<u>2,975,587</u>	<u>2,719,905</u>
Net assets		<u>28,469,278</u>	<u>24,949,434</u>
Equity			
Retained profits	21	<u>28,469,278</u>	<u>24,949,434</u>
Total equity		<u>28,469,278</u>	<u>24,949,434</u>

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

Cash Flow Statement

For the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		22,522,204	19,608,991
Payments to suppliers and employees (inclusive of goods and services tax)		(17,338,095)	(15,755,481)
		5,184,109	3,853,510
Interest received		239,021	63,546
Borrowing costs		(19,090)	(11,918)
Net cash inflow (outflow) from operating activities	24	5,404,040	3,905,138
Cash flows from investing activities			
Payments for property, plant and equipment		(1,819,618)	(871,147)
Proceeds from sale of property, plant and equipment		57,636	10,200
Net cash inflow (outflow) from investing activities		(1,761,982)	(860,947)
Cash flows from financing activities			
Repayment of lease liabilities and other borrowings		(136,237)	(153,484)
Net cash inflow (outflow) from financing activities		(136,237)	(153,484)
Net increase (decrease) in cash held		3,505,821	2,890,707
Cash at the beginning of the financial year		6,001,405	3,110,698
Cash at the end of the financial year	6	9,507,226	6,001,405

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

Statement of Changes in Equity

For the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Total equity at the beginning of the financial year	21	24,949,434	23,472,542
Total recognised income and expense for the year		3,519,844	1,476,892
Total equity at the end of the financial year	21	28,469,278	24,949,434

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

Notes to the Financial Statements

30 June 2025

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

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the 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 accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

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

The financial statements were authorised for issue on 3 October 2025 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.

(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.

Notes to the Financial Statements

30 June 2025 (continued)

Note 1. Summary of significant accounting policies (continued)

(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

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 2025 (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

Initial recognition and measurement

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 entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and Subsequent Measurement

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

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).

Derecognition

Financial assets are derecognised where 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 where the related obligations are discharged, cancelled or expired. The difference between the carrying value 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.

Notes to the Financial Statements

30 June 2025 (continued)

Note 1. Summary of significant accounting policies (continued)

(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).

(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.

Notes to the Financial Statements

30 June 2025 (continued)

Note 1. Summary of significant accounting policies (continued)

(l) Trade and Other Debtors

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(m) 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.

(n) 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.

(o) 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.

(p) Comparative figures

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

(q) 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 2025, 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 2025. The directors therefore believe the carrying value of the land correctly reflects the fair market value at 30 June 2025.

Notes to the Financial Statements

30 June 2025 (continued)

Note 1. Summary of significant accounting policies (continued)

(r) 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 2025 (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

	2025 \$	2024 \$
Revenue from operations		
Sale of goods – Leagues	4,102,322	3,664,198
Services – Leagues	10,783,505	8,903,167
Sale of goods – Paxton	698,796	605,164
Services – Paxton	364,875	305,508
Sale of goods – Vincent Street	1,401,705	1,602,030
Services – Vincent Street	961,408	902,713
Services – Motel	1,576,465	1,511,187
	<u>19,889,076</u>	<u>17,493,967</u>
Other Revenue		
Interest	241,378	115,776
Government Grant	-	27,500
Government Training Subsidies	39,115	204,857
Rent – Commercial properties	46,311	151,930
Rent – Residential properties	-	8,228
	<u>326,804</u>	<u>508,291</u>
Revenue from continuing operations	<u>20,215,880</u>	<u>18,002,258</u>

Note 4. Profit/(loss) from continuing operations

	2025 \$	2024 \$
Net gains and expenses		
Profit/(loss) from continuing operations before income tax expense includes the following specific net gains and expenses:		
Expenses		
Cost of sales of goods:		
Bar – Leagues	668,775	624,162
Catering – Leagues	861,986	815,238
Function Centre – Leagues	120,093	100,426
Bar – Paxton	216,486	186,153
Catering – Paxton	104,089	101,949
Bar – Vincent Street	282,228	329,138
Catering – Vincent Street	264,769	348,981
Motel	14,833	15,778
	<u>2,533,259</u>	<u>2,521,825</u>
Depreciation and amortisation expense:		
Buildings	539,561	544,129
Plant and equipment	895,197	1,070,955
Right-of-use asset – Vincent Street	129,466	130,461
Right-of-use asset – Photocopier	16,589	16,589
Total depreciation and amortisation expense	<u>1,580,813</u>	<u>1,762,134</u>

Notes to the Financial Statements

30 June 2025 (continued)

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

	2025 \$	2024 \$
Borrowing costs:		
Bank charges	2,343	927
Interest – Borrowings	1,570	-
Interest – Leases	15,177	10,991
Interest and finance charges paid/payable	<u>19,090</u>	<u>11,918</u>
Net (profit)/loss on disposal of property, plant and equipment	<u>54,305</u>	<u>270,766</u>
Employee entitlements	<u>375,973</u>	<u>472,445</u>

Note 5. Income tax

	2025 \$	2024 \$
Income tax expense		
Current income tax (revenue) expense	-	-
Deferred income tax (revenue) expense	96,064	229,117
	<u>96,064</u>	<u>229,117</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)	218,846	156,249
(Decrease) increase in deferred tax liabilities (note 19)	(122,782)	72,868
	<u>96,064</u>	<u>229,117</u>

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

Pre-tax profit	3,615,908	1,706,009
Tax at Australian tax rate of 25.00% (2024 – 25.00%)	903,977	426,502
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Non-Deductible Items	493,699	592,645
Other Assessable Income	26,374	-
Tax Depreciation and capital works	(218,202)	(237,328)
Non-Assessable Income	(20,480)	(13,058)
Other Deductible Expenses	(74,511)	(118,697)
Effect of Mutuality	(900,291)	(484,946)
Tax losses accumulated (used)	(210,566)	(165,118)
Total income tax expense (revenue)	<u>-</u>	<u>-</u>

Note 6. Current assets – Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	9,507,226	6,001,405
	<u>9,507,226</u>	<u>6,001,405</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	9,507,226	6,001,405
Less: Bank overdrafts	-	-
Balances per cash flow statement	<u>9,507,226</u>	<u>6,001,405</u>

Notes to the Financial Statements

30 June 2025 (continued)

Note 7. Current assets – Receivables

	2025 \$	2024 \$
Trade debtors	98,022	120,267
Other debtors	140,964	282,831
Investment Loan - Clubs4Fun	150,000	150,000
Less: Provision for Impairment	(150,000)	-
	238,986	553,098

Loan receivable from Clubs4Fun Pty Ltd

The Club advanced \$149,640 to Clubs4Fun Pty Ltd in 2018 as part of its shareholder funding arrangements. At 30 June 2025 the outstanding principal is \$149,640. The loan is unsecured, non-interest-bearing, and repayable on demand. Given Clubs4Fun Pty Ltd's financial position and going-concern uncertainties, the Club has recognised a Provision for Impairment of \$149,640 (2024: \$0), resulting in a carrying amount of \$0.

Unlisted equity investment in Clubs4Fun Pty Ltd

The Club holds 3% (360 ordinary shares). The investment is measured at fair value under AASB 9. Given Clubs4Fun Pty Ltd's net liability position and lack of observable transactions, fair value is assessed at \$0 at 30 June 2025 (2024: \$360).

Note 8. Current assets – Inventories

	2025 \$	2024 \$
Retail stock – at cost	144,534	139,582

Note 9. Current assets – Other

	2025 \$	2024 \$
Prepayments	39,997	30,214

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

	2025 \$	2024 \$
Land and buildings		
Freehold land at cost	3,916,338	3,916,338
Buildings at cost	23,641,345	21,786,097
Less: Accumulated depreciation	(9,251,567)	(8,740,559)
	14,389,778	13,045,538
Total land and buildings	18,306,116	16,961,876
Plant and equipment		
At cost	13,557,762	13,441,922
Less: Accumulated depreciation	(10,966,936)	(10,409,291)
Total plant and equipment	2,590,826	3,032,631
Right-of-use Assets		
Vincent Street Property	944,774	913,227
Less: Accumulated amortisation	(879,617)	(750,151)
	65,157	163,076
Photocopier	82,942	82,942
Less: Accumulated amortisation	(42,766)	(26,178)
	40,176	56,764
Total right-of-use assets	105,333	219,840
Total Property, plant and equipment	21,002,275	20,214,347

Notes to the Financial Statements

30 June 2025 (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 2024	3,916,338	13,045,538	3,032,631	219,840	20,214,347
Additions	-	1,956,157	492,976	31,547	2,480,680
Disposals	-	(72,356)	(39,583)	-	(111,939)
Depreciation/amortisation expense	-	(539,561)	(895,198)	(146,054)	(1,580,813)
Carrying amount at 30 June 2025	3,916,338	14,389,778	2,590,826	105,333	21,002,275

Note 11. Non-current assets – Deferred tax assets

	2025 \$	2024 \$
The balance comprises temporary differences attributable to:		
Employee benefits	22,535	29,828
Payables	12,162	17,948
Receivables	4,799	-
Tax losses	35,712	246,278
Net deferred tax asset	75,208	294,054
Less: deferred tax assets at 30 June 2024	294,054	450,303
Decrease (increase) in deferred tax included in income tax expense (note 5)	218,846	156,249

Note 12. Non-current assets – Intangibles

	2025 \$	2024 \$
Poker machine entitlements	436,639	436,639

Note 13. Current liabilities – Payables

	2025 \$	2024 \$
Trade creditors and payables	313,224	462,234
Net GST liability	295,653	304,060
PAYG withheld	125,653	79,427
Accrued expenses	343,211	343,986
Poker Machine duty payable	155,034	158,689
Other creditors	744,794	83,730
	1,977,569	1,432,126

Note 14. Current liabilities – Interest bearing liabilities

	2025 \$	2024 \$
Secured		
Credit Cards	1,992	8,779
Vincent Street Lease	79,870	153,588
Photocopier Lease	16,911	16,215
	98,773	178,582

Notes to the Financial Statements

30 June 2025 (continued)

Note 15. Current liabilities – Provisions

	2025	2024
	\$	\$
Bonus points	177,856	207,498
Employee entitlements	358,010	337,731
	<u>535,866</u>	<u>545,229</u>

Note 16. Current Liabilities – Other

	2025	2024
	\$	\$
Income in advance	88,959	110,218

Note 17. Non-current liabilities – Interest bearing liabilities

	2025	2024
	\$	\$
Secured		
Vincent Street Lease	-	39,517
Photocopier Lease	25,206	42,117
	<u>25,206</u>	<u>81,634</u>

Note 18. Non-current liabilities – Provisions

	2025	2024
	\$	\$
Employee entitlements	89,996	92,684

Note 19. Non-current liabilities – Deferred tax liabilities

	2025	2024
	\$	\$
The balance comprises of temporary differences attributable to:		
Depreciation	130,490	251,664
Prepayments	2,012	3,620
Net deferred tax liabilities	132,502	255,284
Less: deferred tax liabilities at 30 June 2024	255,284	182,416
Increase (decrease) in deferred tax liabilities included in income tax expense (note 5)	<u>(122,782)</u>	<u>72,868</u>

Note 20. Non-current Liabilities – Other

	2025	2024
	\$	\$
Income in advance	26,715	24,148

Note 21. Reserves and retained profits

	2025	2024
	\$	\$
Retained profits		
Retained profits at the beginning of the financial year	24,949,434	23,472,542
Net profit/(loss)	3,519,844	1,476,892
Retained profits at the end of the financial year	<u>28,469,278</u>	<u>24,949,434</u>

Notes to the Financial Statements

30 June 2025 (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.

		Fixed interest maturing in:				Non-Interest Bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years		
2025	Notes	\$	\$	\$	\$	\$	\$
Financial assets							
Cash and deposits	6	18,535	6,000,000	-	-	3,488,691	9,507,226
Receivables	7	-	-	-	-	238,986	238,986
		<u>18,535</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>3,727,677</u>	<u>9,746,212</u>
Weighted average interest rate		1.40%	4.34%				
Financial liabilities							
Trade and other creditors	13	-	-	-	-	1,977,570	1,977,570
Credit Cards	14	1,992	-	-	-	-	1,992
Lease Liabilities	14,17	-	96,781	25,206	-	-	121,987
		<u>1,992</u>	<u>96,781</u>	<u>25,206</u>	<u>-</u>	<u>1,977,570</u>	<u>2,101,549</u>
Weighted average interest rate		14.25%	3.56%	4.21%			
Net financial assets (liabilities)		<u>16,543</u>	<u>5,903,219</u>	<u>(25,206)</u>	<u>-</u>	<u>1,750,107</u>	<u>7,644,663</u>
		Fixed interest maturing in:				Non-Interest Bearing	Total
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years		
2024	Notes	\$	\$	\$	\$	\$	\$
Financial assets							
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%				
Financial liabilities							
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>

(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 2025 (continued)

Note 23. Remuneration of directors

	2025 \$	2024 \$
Income paid or payable, or otherwise made available to directors in connection with the management of affairs of the Company	21,210	21,000
The number of directors whose total income from the Company was within the specified bands are as follows:		
\$ \$	2025	2024
0 - 10,000	10	11

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

	2025 \$	2024 \$
Operating profit/(loss) after income tax	3,519,844	1,476,892
Depreciation and amortisation	1,580,813	1,762,134
Profit/(loss) on disposal of property, plant and equipment	54,305	270,766
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors	314,112	(160,310)
(Increase) decrease in inventories	(4,952)	8,348
(Increase) decrease in prepayments	(9,783)	(8,840)
(Increase) decrease in deferred tax assets	218,846	156,249
Increase (decrease) in trade creditors	(115,620)	241,097
Increase (decrease) in other operating liabilities	(18,692)	(21,770)
Increase (decrease) in provisions	(12,051)	107,704
Increase (decrease) in deferred tax liabilities	(122,782)	72,868
Net cash inflow (outflow) from operating activities	5,404,040	3,905,138

Note 25. Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Club, directly or indirectly. Key management personnel comprise the Directors and the Chief Executive Officer/General Manager and senior executives.

The aggregate compensation of key management personnel is set out below:

	2025 \$	2024 \$
Short-term employee benefits	531,628	527,269
Post-employment benefits	55,028	51,309
Total Compensation	586,656	578,577

Note 26. Other Related Party Transactions

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

Paul Cousins (Chief Executive Officer) is a current director of Clubs4Fun Pty Ltd.

Ian Cooper (Director) is a current director of Clubs4Fun Pty Ltd.

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 2025 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.

Bruce Wilson

Bruce Wilson (Oct 14, 2025 16:41:04 GMT+11)

B Wilson OAM
President

Geoff Walker

Geoff Walker (Oct 22, 2025 15:54:55 GMT+11)

G Walker
Treasurer

Cessnock
3 October 2025

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 2025, 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 2025 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.

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MCEWAN AND PARTNERS PTY LIMITED ABN 59 097 329 274

Liability is limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

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.

Ben McEwan

Ben McEwan (Oct 22, 2025 15:56:17 GMT+11)

BE McEwan CA
Registered Company Auditor
Newcastle
3 October 2025

McEwan and Partners Pty Limited
Chartered Accountants

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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 2025 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 2025.

Ben McEwan

Ben McEwan (Oct 22, 2025 15:56:17 GMT+11)

BE McEwan CA
Registered Company Auditor
Newcastle
3 October 2025

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 2025.

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.

Ben McEwan

Ben McEwan (Oct 22, 2025 15:56:17 GMT+11)

BE McEwan CA
Registered Company Auditor
Newcastle
3 October 2025

McEwan and Partners Pty Limited
Chartered Accountants

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MCEWAN AND PARTNERS PTY LIMITED ABN 59 097 329 274

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Operating Statement

30 June 2025

	2025 \$	2024 \$
Group Trading		
<i>Cessnock Leagues Club</i>		
Bar trading	625,641	476,762
Gaming trading	6,709,291	5,530,237
Catering trading	109,254	(4,147)
Bingo trading	(15,208)	(21,871)
Entertainment trading	(108,344)	(111,888)
Functions trading	129,974	85,475
Raffle trading	81,492	3,742
	7,532,100	5,958,310
<i>Paxton Bowling Club</i>		
Bar trading	147,858	100,984
Gaming trading	250,954	210,072
Catering trading	(19,749)	(30,873)
Raffle trading	(1,054)	(1,126)
Men's Bowling Club	6,342	(1,210)
Women's Bowling Club	427	(2,286)
	384,778	275,561
<i>Vincent Street</i>		
Bar trading	146,767	118,820
Gaming trading	692,335	597,281
Catering trading	25,447	(48,835)
	864,549	667,266
<i>Property Investments</i>	24,587	87,322
<i>Wine Country Motel</i>	339,944	340,686
<i>Profit from Group Trading</i>	9,145,958	7,329,145
Other Income		
ATM commission	143,978	128,751
Government Grant	-	27,500
Interest received	241,378	115,776
Members subscriptions	61,689	56,226
Rent - parts of Club	24,176	23,587
Sundry income	16,576	7,567
Vending commission	3,559	5,393
Wage Subsidy	39,115	204,857
<i>Total Other Income</i>	530,471	569,657
	9,676,429	7,898,802
Expenses		
Community Support	370,009	342,209
Administration and other expenses	5,690,512	5,850,584
Income tax expense/(revenue)	96,064	229,117
<i>Total Expenses</i>	6,156,585	6,421,910
Net trading profit	3,519,844	1,476,892

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

2025 Financial Report

Final Audit Report

2025-10-22

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