



West Tradies

ANNUAL REPORT 2019 BUILDING WORKERS CLUB LIMITED

| YEAR ENDING 30 JUNE 2019 |

ABN 30 001 912 661

Notice of ANNUAL GENERAL MEETING



The next Annual General Meeting of the Building Workers Club Limited will be held on
Sunday, 24th November 2019, commencing at 11.00am
in the Tradies Function Room

Agenda

1. Confirmation of minutes of the previous Annual General Meeting held on 25th November 2018.
2. Reception of the Chairman's Message.
3. Reception of the Honorary Treasurer's Message.
4. Reception of the Director's Report.
5. Submission of the Auditor's Report for 12 months ended 30th June 2019.
6. Resolutions of which due notice has been given and submitted in accordance with the Articles of Association.
7. Any other business of which due notice has been given to members.
8. Special Resolution – changes to Club Constitution

Attention Members

Members are requested to advise the Manager in writing seven (7) working days prior to the date of the Annual General Meeting, of any query relating to the Financial Accounts on which further information may be required. Such information will be extracted from the records and be available at the Annual General Meeting.

Members requesting a Copy of The Annual Report

Any member wishing to obtain a copy of the 2018/19 Financial Accounts (Auditors unsigned copy) may do so from Monday 4th November 2019 by visiting West Tradies Reception (Monday - Friday 10am until 5pm). Or the Annual report can be viewed online at www.westtradies.com.au.

For and on behalf of the Board of Directors,
Basim Aljabary
Chief Executive Officer

Resolutions for the AGM 24th November 2019

First Ordinary Resolution

That:

- (a) The Members hereby approve and agree to expenditure by the Club in a sum not exceeding forty thousand dollars (\$40,000.00) until the next Annual General Meeting of the Club for the following activities:
 - (i) The reasonable costs of directors undertaking mandatory training in accordance with the Registered Clubs Act or the Clubs By-laws.
 - (ii) The reasonable cost of a meal and beverage from the Club bistro for each director immediately before or immediately after, a Board or sub-committee meeting or any other meeting on Club business as approved by the Board on the day of that meeting, when that meeting corresponds with a normal meal time and the Club bistro is open.
 - (iii) Reasonable expenditure by the Club on an annual dinner to give thanks to directors of the Club and their spouses/partners.
 - (iv) The reasonable expenses incurred by directors either within the Club or elsewhere in relation to such other duties in relation to the business of the Club such duties having first been approved by the Board.

- (v) The reasonable cost of an electronic device and/or internet access being made available to directors as may be necessary from time to time and approved by the Board to enable directors to participate in a meeting or carry out other duties as directors.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors (and their spouses/partners in the circumstances in sub paragraph (iii)) of the Club and that notwithstanding paragraph (a) all out of pocket expenses incurred by a director in the course of carrying out his or her duties as a director in relation to the Club must not be paid or reimbursed unless approved by a current resolution of the Board of the Club.

Notes to Members on First Ordinary Resolution

1. The First Ordinary Resolution is to have the members in general meeting approve expenditure by the Club on directors (and their spouses/partners in certain circumstances) for a maximum amount of forty thousand dollars (\$40,000.00) in respect of the matters set out in the First Ordinary Resolution.
2. To be passed the First Ordinary Resolution requires votes from a simple majority of those members who being eligible to do so vote in person on the First Ordinary Resolution at the meeting.

Second Ordinary Resolution

That the members hereby approve:

- (a) The payment of the following honorariums to directors of the Club for services as directors of the Club until the next Annual General Meeting:
 - (i) President - \$2,000.00.
 - (ii) Ordinary Directors - \$1,500.00 each.
- (b) The honorariums in paragraph (a) are to be paid quarterly in arrears.
- (c) If the President or a director only holds office for part of the term, the honorarium shall be paid on a pro-rata basis.
- (d) The payment of the following additional honorariums to directors of the Club until the next Annual General Meeting:
 - (i) for each director (including the President) who attends a Board meeting the sum of \$80.00;
 - (ii) for each director (including the President) who attends a sub committee meeting as approved by the Board the sum of \$40.00;
 - (iii) for each director (including the President) who is required to attend any other meeting or club business as first determined and approved by the Board the sum of \$80.00 for each meeting or other attendance.

Notes to Members on Second Ordinary Resolution

1. The Second Ordinary Resolution is to have the members approve honorariums for the directors of the Club for duties to be performed by them until the next Annual General Meeting.
2. To be passed the Second Ordinary Resolution requires votes from a simple majority of those members who being eligible to do so vote in person on the Second Ordinary Resolution at the meeting.

BUSINESS

The business of the General Meeting will be for members to consider and, if thought fit, pass the two Special Resolutions set out below.

FIRST SPECIAL RESOLUTION FOR CONSTRUCTION UNION MEMBERS AND LIFE MEMBERS

That conditional on the Second Special Resolution being passed the Constitution of the **BUILDING WORKERS CLUB LIMITED ACN 001 912 661** in the form presented to the meeting and having been made available to all members not less than twenty-one (21) days prior to the date of the meeting at which this Special Resolution is passed be hereby adopted as the Constitution of the Club in substitution for, and to the exclusion of, the existing Constitution, being the Memorandum of Association and the Articles of Association of the Club.

Notes to Members on First Special Resolution

1. If the First Special Resolution is passed, it is conditional on the Second Special Resolution also being passed.
2. If both Special Resolutions are passed, then the Constitution referred to in the First Special Resolution (and also referred to in the Second Special Resolution) will immediately become the new Constitution of the Club.
3. Under the Club's current Articles Association, only Construction Union members and Life members are eligible to vote on the First Special Resolution.
4. A copy of the proposed new Constitution referred to in the First Special Resolution is available on the Club's website and copies are available on request from the reception desk in the foyer of the Club.
5. Construction Union members and Life members should also refer to the Explanatory Memorandum to Members in relation to the proposed new Constitution which accompanies this Notice of General Meeting.
6. To be passed, the First Special Resolution requires votes in its favour from not less than three quarters of those members who, being eligible to do so (being financial Construction Union members and Life members) who are present and vote on the First Special Resolution at the meeting.
7. Under the *Registered Clubs Act*, members who are also employees of the Club are ineligible to vote and proxy voting is not permitted.
8. The Board of the Club asks members to vote in favour of the First Special Resolution.
9. Special Resolution – changes to Club Constitution

SECOND SPECIAL RESOLUTION FOR ASSOCIATE MEMBERS

That, conditional on the First Special Resolution being passed, the Constitution of the **BUILDING WORKERS CLUB LIMITED ACN 001 912 661** in the form presented to the meeting and having been made available to all members not less than twenty-one (21) days prior to the date of the meeting at which the Special Resolution is passed, be hereby adopted as the Constitution of the Club in substitution for, and to the exclusion of, the existing Constitution being the Memorandum of Association and the Articles of Association of the Club.

Notes to Members on Second Special Resolution

1. The Second Special Resolution will only be considered if the First Special Resolution has been passed by Construction Union members and Life members.
2. Under the Club's existing Constitution (Memorandum of Association and Articles of Association) Associate members have certain rights that are protected and which cannot be amended without a Special Resolution by the Associate members as a class voting on a Special Resolution in identical terms to the First Special Resolution.

3. The rights of Associate members which are protected referred to in paragraph 3 above are that, Associate members are entitled to:
 - (a) be elected or appointed to four (4) positions on the Board, provided they are members of a Union.
 - (b) propose or second any person to hold office on or to be elected to the Board of the Club;
 - (c) propose or second any person for membership of the Club;
 - (d) vote on all matters at any general meeting of the Club, other than a Special Resolution to amend the Memorandum of Association or the Articles of Association, but with the exception of being able to vote as a class of members in relation to a Special Resolution to approve an amendment to the Constitution which may affect these protected rights.
4. The proposed new Constitution referred to in the First and Second Special Resolutions provides that Associate membership and Construction Union membership will be blended into the one class called Ordinary members.
5. Under the new Constitution, there is no requirement for an Ordinary member to be a member of a union and membership of a union will not be a requirement to be eligible for election to the Board.
6. All positions on the Board will be equally available to Ordinary members and there will not be four (4) positions guaranteed for any category of membership, such is the case under the existing Articles of Association in relation to Associate members.
7. However, by transitioning to Ordinary membership, Associate members will become eligible for full voting rights and full rights to be nominated to, and hold office as, Directors. Those full voting other rights will include being eligible to vote on changes to the Constitution and to occupy all positions on the Board.
8. Associate members should also refer to the Explanatory Memorandum to Members in relation to the proposed new Constitution which accompanies this Notice of General Meeting.
9. To be passed, the Second Special Resolution requires votes in its favour from not less than three quarters of those financial Associate members who are present and vote on the Second Special Resolution at the meeting.
10. Under the Registered Clubs Act, Associate members who are also employees of the Club are ineligible to vote and proxy voting is not permitted.
11. Once both Special Resolutions are passed, the new Constitution will take effect immediately.
12. The Board of the Club asks Associate members to vote in favour of the Second Special Resolution.

INFORMATION MEETINGS

There will be information meetings held in the Club from 10th November to 17th November 2019. At those information meetings members will be able to discuss and ask questions about the proposed new Constitution of the Club in an informal setting.

DATES OF INFORMATION MEETINGS

The dates and times of the information meetings will be displayed in the foyer of the Club and on the Club website. Members can also call reception for the dates and times of the information meetings.

By direction of the Board

Basim Aljabary

Secretary/CEO

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Chairman's Message

Dear Members

I would like to thank you for your patience and patronage of the club through these challenging times as the club has undergone a major renovation.

I'm pleased to inform you that our project has come to an end and I trust you are enjoying the new facilities. However, the renovation caused some disruption to the operation of the business resulting in a lesser financial performance.

Moving forward and with more than 80% of our club refurbished, areas such as, our magnificent centrally positioned new Bar with an open plan lounge and coffee shop, Sports/Tab area, Indoor and Outdoor gaming, as well as our Bistro and a wider back Reception. The Board and Management team are confident the club will experience a financial improvement over the next coming months.

Furthermore, carefully planned marketing campaigns that will boost membership drive and visitation which naturally results in better financial performance.

These marketing campaign includes:

- Monthly calendar includes minor daily offers
- Enhanced weekly giveaways
- Major monthly promotions; and
- Two annual major giveaways
- for example Car giveaway promotion

In addition to the internal renovation, we recognised the need to upgrade a couple of outdoor areas like the front and back covered walkways and the porte cocheres. Likewise, to enhance the ambiance we replaced all our furniture and two ageing air conditioning units in the Bistro.

Another eventful year has nearly past us so quickly with a lot happening, both in the Club and the industry. With that said, we the Board of Directors are delighted with what has been achieved thus far and I trust you the members are enjoying the newly renovated facilities and can be truly proud to claim this Club as your second home. Together we can move forward and achieve greater milestones as we believe the future of the Club is bright.

On behalf of the Directors, I take this opportunity to thank our former General Manager Gail Patrin, now our CFO for her contribution in the planning and execution of the Club renovation, we welcome our new CEO Basim Aljabary that joined us in April this year, he has played a major role in the final stages of the Project, we will also like to recognise the rest of our management team and staff for their hard work and commitment over the past year.

To those who have lost a loved one, we offer you and your family our deepest sympathy. Finally, and more important, we would like to thank YOU our members for continuing to support the Club and look forward to a cheerful and prosperous 2020.



Jose (Mario) Barrios
Chairman

Honorary Treasurer's Message

Dear Members

Despite the disruption caused by renovation, I am pleased to present to YOU our members profitable year financially. We have closed off 2019 with a profit of \$578,872 after tax.

It has been a tremulous year for business, our Club like others have experienced downturns due to global economy, especially in our country. However, our Club continued to perform profitably.

The Board of Directors strongly believe with the completion of the renovation, the club will continue trading well for many years to come. With that in mind, this can't be achieved without your ongoing support. The net profit in which we have achieved this year is a clear indication that you our members are appreciating the facilities and service that we provide.

Summary of the last three Years Financial results.

	2017	2018	2019
Net Profit (after tax)	\$1,460,596	\$997,014	\$578,872

Donations

I am pleased to advise you that over the past twelve months your Club has provided over \$79,000 of grants, subsidies and donations to various intra clubs, communities, and non-profit organisations in and around Mt Druitt, which include:

- Rosie's Place
- Youth Off the Streets
- Mt Druitt Neighbour Aid
- Whalan Community Action Group
- Therapy 4 Kids - Mt Druitt Hospital Precinct
- Salvation Army - Bidwill Kids Club
- Our Lady of Consolation - Willmot Festival
- Uniting - 120 Countdown Mt Druitt
- Blacktown City Lions Club
- West Tradies Sporting Sub Clubs

In closing, I would like to thank all the staff who has worked so hard to provide a great venue to visit. I would like to also thank my fellow Board of Directors for their dedication and support.

Most importantly I thank YOU our members for your continued support and loyalty.



Anthony Bleasdale OAM
Honorary Treasurer

Chief Executive's Report

Dear Members

I am pleased to inform you the Club has continued its positive performance achieving \$578,872 net profit, this is 10th consecutive year the club attaining great results.

Exceptional outcome considering the disruption caused by the renovation, this wouldn't have been achieved without clear planning and execution by the entire team. Importantly, continued support from YOU the members of this club, for these, I am thankful.

Our primary objective is and will always be to provide best facilities and serve our Members, and the community. As such, last year, the Club engaged the services of Tully Heard Consulting to combat the forever evolving club industry.

Subsequently, the Club undertook a significant renovation project encompassing centralised bar, dedicated TAB, creating a private indoor gaming, major upgrade to the outdoor gaming and new furniture throughout.

Additionally, the bistro was upgraded to increase diners' comfort with new carpet, wallpaper/paint and new furniture. You may have also noticed Club's loyalty system was upgraded and three Members' kiosk were added allowing for a better user experience.

I am proud to advise you that the Club's continued its support to the community through Club Grant Scheme, providing much needed financial assistance to some deserving charities. Your Club has provided over \$79,000 of grants, subsidies and donations to various intra clubs, communities, and non-profit organisations in and around Mt Druitt, which include;

- Rosie's Place
- Youth Off the Streets
- Mt Druitt Neighbour Aid
- Whalan Community Action Group
- Therapy 4 Kids - Mt Druitt Hospital Precinct
- Salvation Army - Bidwill Kids Club
- Our Lady of Consolation - Willmot Festival
- Uniting - 120 Countdown Mt Druitt
- Blacktown City Lions Club
- West Tradies Sporting Sub Clubs

None of the above would be achieved without your support, loyalty and patronage, for this I thank YOU.

In closing, I would like to thank and show my gratitude to the Directors for their support and my team for their tireless effort in serving the Members and community with the highest level of integrity and pride.

Sincerely,



Basim Aljabary
Chief Executive Officer

Disclosures

Section 41 of the Registered Clubs Amendment Act 2001 requires the Club to disclose the following information to members.

This information:

- Applies to:
- The Building Workers Club Ltd
- Serial # 200337
- For the period July 1, 2018 to June 30, 2019.
- Is important information for Club members: and
- Is in a form approved by the Director of Liquor and Gaming: and
- Must be sent to members of the club: and
- The declarations, disclosures and returns made pursuant to section 41C, 41D, 41E and 41F are held in the secretary's register and may be inspected by members on written application to the secretary.

41C – DISCLOSURES OF INTEREST IN CONTRACTS

Total Number of Declarations made by Directors of material personal interests in contracts NIL

41D – DECLARATION OF INTERESTS IN HOTELS

Total Declarations of interest in hotels made by Directors NIL

Total Declarations of interests in hotels made by Top Executives..... NIL

41E – REGISTER OF GIFTS FROM AFFILIATED BODIES

Total number of gifts (valued at more than \$500) received by Directors..... NIL

Total number of gifts (valued at more than \$500) received by Top Executives NIL

Total value of gifts (valued at more than \$500) received by the above mentioned..... NIL

41F – REGISTER OF GIFTS FROM CONTRACTORS

Total number of gifts (valued at more than \$500) received by Directors..... NIL

Total number of gifts (valued at more than \$500) received by Staff NIL

Total value of gifts (valued at more than \$500) received by the above mentioned NIL

Section 41 of the Registered Clubs Amendment Act 2003 also requires the Club to disclose the following information to members and applies to the period July 1, 2018 to June 30, 2019.

41H (1) (B)

The value of the remuneration packages of the highest executives being paid over \$100,000 a year \$198,989

41H (1) (C)

The purpose and other details of overseas travel by a director, employee, secretary or manager of the Club..... NIL

41H (1) (d)

The details of any loans made to any employee of the Club.... NIL

41H (1) (e)

The details of any contract approved under section 41M or of any controlled contract (within the meaning of Section 41 (O) entered by the Club..... NIL

41H (1) (f)

The name of any employee of the Club who is a close relative of a member of the governing body or of a top executive of the Club, and the amount of the remuneration package paid to the employee NIL

41H (1) (g)

The details of any amount equal to or more than \$30,000 paid by the Club to a particular consultant, including the name and nature of services..... NIL

41H (1) (h)

The total amount paid to consultants, other than amount reported in 41H (1) (G), above:

Total amount paid to consultants..... NIL

Total number of consultants engaged 0

41H (1) (i)

The details of any settlement with a member of the governing body or an employee of the Club as a result of a legal dispute, and the amount of any associated legal fees paid by the Club as the result of that dispute, which is not subject to a confidentiality agreement NIL

41H (1) (j)

The details and amount of any legal fees paid by the Club on behalf of a member of the governing body or employee of the Club NIL

41H (1) (k)

The amount of profits from gaming machines in the Club during the 12-month period ended August 31, 2019..... \$5,186,390

41H (1) (l)

The amount applied by the Club to Community development and support (the Club Grants scheme) during the 12-month period ended August 31, 2019.....\$79,739

Core Property – Section 41J (2)

The Core Property of the Club referred to in this report is the land and buildings located at 247 Woodstock Ave, Dharruk NSW 2770

Director's Report

The directors of Building Workers Club Limited ("the company") or ("the club") submit herewith the annual report of the company for the financial year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the financial year are:

Mr Jose Barrios
Mr Anthony Bleasdale
Mr Rebel Hanlon
Mr Benito Luciano Manna
Ms Doreen O'Grady
Mr John Scott
Mr Rod Jarman
Mr Mansour Razaghi
Mr Mark Cunningham

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

Principal activities

The principal activity of the club during the financial year was that of a social and recreational club for trade unionists.

Review of operations

During the financial year, profit from normal activities after providing for income tax amounted to \$578,872 (2018: profit of \$997,014).

The company's operations during the year performed as expected in the opinion of the directors.

Strategy, objectives and performance

Short-term and long-term objectives

The company's short term objectives are to:

- Maintain a surplus result from the underlying business;
- Reduce the club footprint; and
- Increase customer service standards.

The company's long term objectives are to:

- Be an active and relevant supporter of our community;
- Be financially sound; and
- Be recognised as the market leader in our industry sector in Outer Western Sydney.

Strategies

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

- Institute a system of strong financial rigor, to set, implement and measure all business activities, ensuring a surplus return.
- Lease out to complementary organisations 30% of the club's available floor space at market rent.
- Attract, train and retain, high quality personnel to deliver exemplary customer service.

Director's Report

Key performance measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

	Actual 2019	Benchmark 2019	Actual 2018	Benchmark 2018
Net Gaming Machine revenue (per machine per day)	\$96.15	\$130	\$99.69	\$130
Cost of goods sold (% to net bar sales)	42.16%	42%	46.75%	42%
Total wages (% to net sales)	26.32%	18%	23.22%	18%
EBITDA* (% to net sales)	18.90%	25%	23.47%	25%
PEMA ** (% to net sales)	4.26%	6%	4.85%	6%
Number of members	6,861	-	7,199	-
Number of visitors	17,939	-	17,234	-

*(Earnings before interest, taxes, depreciation and amortisation)

** (Promotions, entertainment, marketing and advertising)

Information about the directors

Mr Jose Barrios	President ("Chairman")
Experience	Director < 8 years
Special responsibilities	Ex-officio on all Committees
Mr Anthony Bleasdale	Honorary Treasurer
Experience	Director < 12 years
Special responsibilities	Finance Committee, Building Committee
Mr Rebel Hanlon	Vice President
Experience	Director < 10 years
Special responsibilities	Building Committee
Mr Benito Luciano Manna	Vice President
Experience	Director < 2 year
Special responsibilities	Judiciary Committee, Building Committee
Ms Doreen O'Grady	Associate Director
Experience	Director < 13 years
Special responsibilities	Judiciary Committee, Accounts Committee
Mr John Scott	Honorary Secretary
Experience	Director < 13 years
Special responsibilities	Accounts Committee, Judiciary Committee

Director's Report

Information about the directors (cont'd)

Mr Rod Jarman Associate Director
Experience Director < 9 years

Mr Mansour Razaghi Associate Director
Experience Director < 5 years

Mr Mark Cunningham Director
Experience Director < 3 years

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 69 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings		Other Committee meetings	Board Meetings	Committee Meetings	Meals	Total paid
	Number eligible to attend	Number attended	Number attended				
Mr Jose Barrios	17	15	8	-	-	\$319	\$319
Mr Anthony Bleasdale	17	13	5	-	-	\$268	\$268
Mr Rebel Hanlon	17	12	-	-	-	\$208	\$208
Mr Benito Luciano Manna	17	17	12	-	-	\$235	\$235
Ms Doreen O'Grady	17	17	68	\$1,280	\$2,520	\$279	\$4,079
Mr John Scott	17	15	46	\$1,520	\$2,400	\$308	\$4,228
Mr Rod Jarman	17	7	-	-	-	-	-
Mr Mansour Razaghi	17	12	1	-	-	\$193	\$193
Mr Mark Cunningham	17	16	-	-	-	\$306	\$306
				\$2,800	\$4,920	\$2,116	\$9,836

The table of meetings does not include meetings attended by the President in relation to the management of the club.

Changes in state of affairs

There was no significant change in the state of affairs of the company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

Director's Report

Environmental regulations

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Indemnification and insurance of officers and auditors

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Members' guarantee

In accordance with the company's constitution, each member is liable to contribute \$20 in the event that the company is wound up.

The total amount that members of the company are liable to contribute if the company is wound up is \$137,220 (2018: \$140,480).

Auditor's independence declaration

The auditor's independence declaration is included after this report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Chairman:
Mr Jose Barrios 

Treasurer:
Mr Anthony Bleasdale 
B.A.M.

Dated this 11th day of October 2019

11 October 2019

The Board of Directors
Building Workers Club Limited
247 Woodstock Avenue
Dharruk NSW 2770

Dear Board Members

Auditor's independence declaration to Building Workers Club Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Building Workers Club Limited.

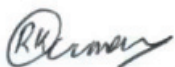
As lead audit partner for the audit of the financial report of Building Workers Club Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Rajnil Kumar
Partner
Chartered Accountants

Building Workers Club Limited

ABN 30 001 912 661

Directors' declaration

The directors declare that:

- a. 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; and
- b. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors

Chairman:.....
Mr Jose Barrios



Treasurer:.....
Mr Anthony Bleasdale



B.A.M.

Dated: 11 October 2019

Building Workers Club Limited

ABN 30 001 912 661

Statement of profit or loss and other comprehensive income for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	3	6,293,386	6,495,357
Other income	3	291,590	274,531
Bar stock purchases		(433,189)	(451,204)
Employee benefits expense	4	(1,801,617)	(1,645,702)
Depreciation expense	4	(778,576)	(721,792)
Promotional expenses		(411,931)	(406,682)
Occupancy expenses		(769,255)	(809,038)
Administrative expenses		(269,613)	(251,316)
Poker machine taxes and levies		(945,763)	(1,003,324)
Other expenses		(523,522)	(436,522)
Surplus before tax		<u>651,510</u>	<u>1,044,308</u>
Income tax expense	5	(72,638)	(47,294)
Surplus for the year		578,872	997,014
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>578,872</u>	<u>997,014</u>

The accompanying notes form part of these financial statements

Building Workers Club Limited

ABN 30 001 912 661

Statement of financial position as at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	6	961,000	793,526
Trade and other receivables	7	78,911	124,754
Inventories	8	25,567	26,144
Financial assets	9	7,000,000	8,700,000
Other assets	10	149,580	86,732
Total current assets		<u>8,215,058</u>	<u>9,731,156</u>
Non-current assets			
Property, plant and equipment	11	13,254,129	10,547,704
Intangible asset	12	74,500	74,500
Total non-current assets		<u>13,328,629</u>	<u>10,622,204</u>
Total assets		<u>21,543,687</u>	<u>20,353,360</u>
Liabilities			
Current liabilities			
Trade and other payables	13	1,103,506	567,759
Current tax liabilities	14	69,987	11,082
Provisions	15	194,631	164,764
Total current liabilities		<u>1,368,124</u>	<u>743,605</u>
Non-current liabilities			
Provisions	15	3,631	18,325
Deferred tax liabilities	14	4,122	2,492
Total non-current liabilities		<u>7,753</u>	<u>20,817</u>
Total liabilities		<u>1,375,877</u>	<u>764,422</u>
Net assets		<u>20,167,810</u>	<u>19,588,938</u>
Equity			
Retained earnings		20,167,810	19,588,938
Total equity		<u>20,167,810</u>	<u>19,588,938</u>

The accompanying notes form part of these financial statements

Building Workers Club Limited

ABN 30 001 912 661

Statement of changes in equity for the year ended 30 June 2019

2019

	Retained earnings	Total
	\$	\$
Balance at 1 July 2018	19,588,938	19,588,938
Surplus for the year	578,872	578,872
Total comprehensive income for the year	578,872	578,872
Balance at 30 June 2019	<u>20,167,810</u>	<u>20,167,810</u>

2018

	Retained earnings	Total
	\$	\$
Balance at 1 July 2017	18,591,924	18,591,924
Surplus for the year	997,014	997,014
Total comprehensive income for the year	997,014	997,014
Balance at 30 June 2018	<u>19,588,938</u>	<u>19,588,938</u>

The accompanying notes form part of these financial statements

Building Workers Club Limited

ABN 30 001 912 661

Statement of cash flows for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from trading activities and subscriptions		6,339,229	6,426,772
Payments to suppliers, employees and poker machine payouts		(5,349,389)	(4,969,206)
Interest received		291,590	228,414
Income taxes paid		(12,103)	(73,950)
Net cash generated by operating activities		<u>1,269,327</u>	<u>1,612,030</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,894,204)	(926,557)
Proceeds from sale of property, plant and equipment		92,351	-
Proceeds from investments		1,700,000	-
Payments to acquire financial assets		-	(900,000)
Net cash used in investing activities		<u>(1,101,853)</u>	<u>(1,826,557)</u>
Net increase/(decrease) in cash and cash equivalents		167,474	(214,527)
Cash and cash equivalents at the beginning of the year		793,526	1,008,053
Cash and cash equivalents at the end of the year	6	<u>961,000</u>	<u>793,526</u>

Non-cash transactions:

As of 30 June 2019, the company has a payable of \$632,131 in relation to the renovation work which is capitalised as work in progress under property, plant and equipment. Accordingly, this is a non-cash transaction (30 June 2018: nil)

The accompanying notes form part of these financial statements

Building Workers Club Limited

ABN 30 001 912 661

Notes to the financial statements for the year ended 30 June 2019

1. General information

Building Workers Club Limited (“the company” or “the club”) is a public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

Building Workers Club Limited
247 Woodstock Avenue
Dharruk NSW 2770

The principal activity of the club during the financial year was that of a social and recreational club for trade unionists.

2. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, 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 financial statements were authorised for issue by the directors on the date of the declaration signed by the directors.

Basis of preparation

The financial statements have been prepared on the basis of historical cost as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Revenue recognition

The company applies the following 5-step model for revenue recognition related to contracts with customers:

- i. Identify the contract(s) with customer
- ii. Identify the performance obligation in the contract
- iii. Determine the transaction price
- iv. Allocate the transaction price to the performance obligation in the contract
- v. Recognise revenue when or as the entity satisfied in performance obligations.

The company recognises sales revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the company is or expects to be entitled in exchange for those goods or services.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(a) Revenue recognition (cont'd)

The company recognises revenue predominantly from the following services:

Poker machine revenue

Poker machine revenue is the net difference between gaming wins and losses, and is recognised at a point in time upon the outcome of the game.

Food and beverages revenue

Food and beverage revenue is recognised at a point in time as the goods are provided.

Other revenue

Other revenue is mainly comprised of the events held by the Club. Revenue from events is recognised over the term of the event.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement, plus related on-costs.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date, plus related on-costs

(c) Taxation

The *Income Tax Assessment Act 1936*, as amended, provides that clubs are only assessed for income tax on the proportion of income derived from non-members under the principle of mutuality. Due to the special basis for calculation of taxable income of clubs, it is not appropriate to compare tax payable with the net income disclosed in statement of profit or loss and other comprehensive income.

The amount shown in the financial statements as provision for income tax reflects the estimated balance of income tax payable in respect of the taxable income for the year.

Deferred tax asset are not brought to account in relation to timing differences, where benefits arise due to the different accounting periods in which items of revenue and expense are recognised for accounting and income tax purposes, as the amount of any subsequent benefit cannot be reasonably determined. The amount of deferred tax asset applicable is dependent upon the ratio of non-member income to total income in the year in which the entitlements are paid.

Building Workers Club Limited

ABN 30 001 912 661

Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories.

(e) Property, plant and equipment

Buildings held for use or for administrative purposes, are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses (if any).

Freehold land is not depreciated.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using either the straight-line or diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Class of property, plant and equipment	Depreciation rate
Buildings	2.5%
Furniture, fixtures and fittings	7.5 - 40%
Poker machines	14 - 40%
Plant, machinery and equipment	9 - 40%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(f) Intangibles

Intangible asset acquired separately

Rights of occupancy have been granted under licence agreements with The Federation of Community Sporting and Workers Club Inc. Licence fees are repayable on termination, and recorded at cost and have an indefinite useful life.

Intangible asset with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The carrying values are reviewed annually for impairment, to determine whether it exceeds recoverable value.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(g) Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(i) Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets at amortised cost includes trade receivables.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables.

Building Workers Club Limited

ABN 30 001 912 661

Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(i) Financial instruments (cont'd)

Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(l) Comparative amounts

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

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(m) Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described at Note 2(e) above, the company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(n) Application of new and revised Accounting Standards

New and amended Accounting Standards that are effective for current year

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the club's financial statements.

Impact of application of AASB 15 'Revenue from Contracts with Customers'

The company has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2018. AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 has replaced past revenue recognition guidance including AASB 18 *Revenue*, AASB 11 *Construction Contracts* and the related Interpretations.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The company recognises revenue from the poker machines, sale of food and beverages, and events.

The directors of the company have assessed that the revenue from the poker machines and the sale of the products will be recognised at the point in time when control over the corresponding goods and services are transferred to the customer. Revenue from events will be recognised over time as the performance obligation is performed over the term of the event.

The company's accounting policy for its revenue stream is disclosed in detailed in Note 2(a) above.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the company.

Building Workers Club Limited

ABN 30 001 912 661

Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(n) Application of new and revised Accounting Standards (cont'd)

New and amended Accounting Standards that are effective for the current year (cont'd)

Impact of application of AASB 9 'Financial Instruments'

In the current year, the company has applied AASB 9 'Financial Instruments' and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 July 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives. The company has assessed that restatement will not have a material impact and has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

AASB 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the company's financial statements are described below.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018.

All recognised financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

The directors of the company reviewed and assessed the company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has not had a material impact on the company's financial assets as regards their classification and measurement.

Classification and measurement of financial liabilities

AASB 9 has had no impact on the classification and measurement of the company's existing financial liabilities.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss ('ECL') model as opposed to an incurred credit loss model under AASB 139. The ECL model requires the company to account for expected credit losses and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. The change to a forward-looking ECL approach did not have a material impact on the amounts recognised in the financial statements.

General hedge accounting

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. There was no impact on hedging as the company does not apply hedge accounting.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2. Significant accounting policies (cont'd)

(n) Application of new and revised Accounting Standards (cont'd)

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 <i>Leases</i> and related amending standards	1 July 2019	30 June 2020

Impact of adoption of AASB 16 Leases

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 *Leases* and the related interpretations when it becomes effective. AASB 16 will be effective for annual years beginning on or after 1 July 2019.

AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Furthermore, extensive disclosures are required by AASB 16.

A preliminary assessment indicates that there will not be a significant impact on the financial statements of the company due to the low value or short-term lease contracts that the company entered into. A project to implement this standard is underway and management is in the process of assessing the impact.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

3. Revenue

The following is an analysis of the company's revenue for the year from continuing operations:

	2019	2018
	\$	\$
Revenue		
Poker machine revenue	4,794,963	5,007,750
Food and beverages revenue	1,027,513	1,111,774
Other revenue	470,910	375,833
	<u>6,293,386</u>	<u>6,495,357</u>

Other income

Interest income	240,573	228,414
Gain on disposal of property, plant and equipment	51,017	46,117
	<u>291,590</u>	<u>274,531</u>

4. Surplus for the year

Surplus for the year has been arrived at after charging:

(a) Depreciation expense

- buildings	247,732	244,334
- fixtures and fittings	36,728	34,183
- poker machines	280,690	247,826
- plant, machinery and equipment	200,694	188,197
- motor vehicles	12,732	7,252
Total depreciation expense	<u>778,576</u>	<u>721,792</u>

(b) Employee benefits

- post-employment benefits	145,153	128,860
- other employee benefits	1,656,464	1,516,842
Total employee benefits expense	<u>1,801,617</u>	<u>1,645,702</u>

	2019	2018
	\$	\$
5. Income tax		
Current tax expense	71,008	45,861
Deferred tax expense	1,630	1,433
	<u>72,638</u>	<u>47,294</u>

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

2019
\$

2018
\$

5. Income tax (cont'd)

The prima facie tax on profit from ordinary activities before income tax expense is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 30%)	179,165	313,292
Tax effect of:		
- non-taxable member income arising from principle of mutuality and other items	(137,704)	(265,998)
- adjustments recognised in the current year in relation to the prior year tax expense	31,177	-
Income tax attributable to entity	<u>72,638</u>	<u>47,294</u>

6. Cash and cash equivalents

Cash on hand	200,500	200,500
Cash at bank	357,230	375,042
Short-term bank deposits	403,270	217,984
	<u>961,000</u>	<u>793,526</u>

7. Trade and other receivables

Trade receivables	<u>78,911</u>	<u>124,754</u>
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There are no credit terms attached to the trade receivables.

Trade receivables are non-interest bearing and are generally on 30 day trading terms. With the implementation of the new standard AASB 9, impairment losses should be recognised using the expected credit loss (ECL) model. This involves a three-stage approach in which financial assets move through the three stages as their credit quality changes however a simplified approach is permitted for financial assets that don't have a significant financing component, such as trade receivables. The company has applied the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. The calculation of impairment losses under this approach impacts the allowance for doubtful debts, now termed the credit loss allowance.

8. Inventories

At net realisable value:

Showcase	605	844
Liquor and bar sundries	24,962	25,300
	<u>25,567</u>	<u>26,144</u>

9. Financial assets

Current

Financial assets measured at amortised cost:

Term deposit (i)	<u>7,000,000</u>	<u>8,700,000</u>
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(i) The company holds term deposits that carry interest at fixed rates.

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

	2019	2018
	\$	\$
10. Other assets		
Prepayments	149,580	86,732
	<u>149,580</u>	<u>86,732</u>
11. Property, plant and equipment		
Land and buildings		
Land		
At cost	1,873,633	1,873,633
	<u>1,873,633</u>	<u>1,873,633</u>
Buildings		
At cost	9,726,492	9,720,639
Accumulated depreciation	(3,360,179)	(3,112,446)
	<u>6,366,313</u>	<u>6,608,193</u>
Total Land and buildings	<u>8,239,946</u>	<u>8,481,826</u>
Work in progress		
At cost	2,786,464	-
	<u>2,786,464</u>	<u>-</u>
Total Work in progress	<u>2,786,464</u>	<u>-</u>
Plant and equipment		
Poker machines		
At cost	5,317,775	5,098,594
Accumulated depreciation	(3,917,341)	(3,924,940)
	<u>1,400,434</u>	<u>1,173,654</u>
Plant, machinery and equipment		
At cost	4,010,461	3,933,053
Accumulated depreciation	(3,409,033)	(3,212,049)
	<u>601,428</u>	<u>721,004</u>
Furniture, fixtures and fittings		
At cost	876,821	808,552
Accumulated depreciation	(694,636)	(693,736)
	<u>182,185</u>	<u>114,816</u>
Motor vehicles		
At cost	63,655	159,765
Accumulated depreciation	(19,983)	(103,361)
	<u>43,672</u>	<u>56,404</u>
Total plant and equipment	<u>2,227,719</u>	<u>2,065,878</u>
Total property, plant and equipment	<u>13,254,129</u>	<u>10,547,704</u>

Building Workers Club Limited

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Notes to the financial statements
for the year ended 30 June 2019

11. Property, plant and equipment (cont'd)

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year:

	Land	Buildings	Poker machines	Plant, machinery and equipment	Furniture, fixtures and fittings	Motor vehicle	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,873,633	6,608,193	1,173,654	721,004	114,816	56,404	-	10,547,704
Additions	-	5,852	543,979	81,573	108,467	-	2,786,464	3,526,335
Disposals	-	-	(36,509)	(455)	(4,370)	-	-	(41,334)
Depreciation expense	-	(247,732)	(280,690)	(200,694)	(36,728)	(12,732)	-	(778,576)
Balance at 30 June 2019	1,873,633	6,366,313	1,400,434	601,428	182,185	43,672	2,786,464	13,254,129

	Land	Buildings	Poker machines	Plant, machinery and equipment	Furniture, fixtures and fittings	Motor vehicle	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	1,873,633	6,667,534	1,043,897	615,121	99,164	-	-	10,299,349
Additions	-	184,993	414,553	294,080	49,835	63,656	-	1,007,117
Disposals	-	-	(36,970)	-	-	-	-	(36,970)
Depreciation expense	-	(244,334)	(247,826)	(188,197)	(34,183)	(7,252)	-	(721,792)
Balance at 30 June 2018	1,873,633	6,608,193	1,173,654	721,004	114,816	56,404	-	10,547,704

Building Workers Club Limited

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Notes to the financial statements for the year ended 30 June 2019

12. Intangible asset

	2019	2018
	\$	\$
Rights of occupancy, at cost	74,500	74,500
Accumulated amortisation and impairment	-	-
Net carrying amount	<u>74,500</u>	<u>74,500</u>

Rights of occupancy have been granted under license agreements with The Federation of Community Sporting and Workers Clubs Inc. License agreements are recorded at cost. The license agreements state that the fees are repayable on termination, and have an indefinite useful life. The carrying values are reviewed annually for impairment, to determine whether it exceeds recoverable value.

13. Trade and other payables

Trade payables	1,026,353	317,688
Sundry payables and accrued expenses	77,153	250,071
	<u>1,103,506</u>	<u>567,759</u>

No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

14. Tax

Current tax liability	69,987	11,082
Deferred tax liability	4,122	2,492

15. Provisions

Employee benefits	<u>198,262</u>	<u>183,089</u>
Current	194,631	164,764
Non-current	3,631	18,325
	<u>198,262</u>	<u>183,089</u>

The provision for employee benefits represents annual leave and vested long service leave entitlements accrued.

16. Key management personnel compensation

The totals of remuneration paid to the key management personnel of the company during the year are as follows:

	2019	2018
	\$	\$
Key management personnel compensation	<u>198,989</u>	<u>133,745</u>

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Notes to the financial statements for the year ended 30 June 2019

17. 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.

The total payments made to directors during the year for allowances of travel, meal and for attendances of board meetings and committee meetings are as follows:

	2019	2018
	\$	\$
Resolution 1	7,720	3,325
Resolution 2	2,782	5,080
Total	<u>10,502</u>	<u>8,405</u>

18. Contingent liabilities and contingent assets

In the opinion of the directors, the company did not have any contingent assets or liabilities at 30 June 2019 (30 June 2018: nil).

19. Capital commitments

Amounts contracted for but not disclosed in the financial statements amount to \$629,260 for the renovation of the Club premises.

20. Events occurring after the reporting date

There were no matters or circumstances that 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.

Independent Auditor's Report to the Members of Building Workers Club Limited

Opinion

We have audited the financial report of Building Workers Club Limited (the "Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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 2019, 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 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 – Reduced Disclosure Regime and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Rajnil Kumar
Partner
Chartered Accountants
Parramatta, 14 October 2019



BUILDING WORKERS CLUB

Trading as Mt Druitt Workers Club ABN 30 001 912 661

247 Woodstock Avenue, Dharruk NSW 2770

PO Box 175, Plumpton NSW 2761

T 02 9675 1099 | F 9832 1032

www.westtradies.com.au