

ANNUAL REPORT 2022

TWIN TOWNS
SERVICES CLUB
L I M I T E D



Wharf Street, Tweed Heads, NSW 2485. Telephone: 07 5536 2277

www.twintowns.com.au

Board of Management Report	2
CEO's Report 2022	5
Directors' Report	8
Auditor's Independence Declaration	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Cash Flows	15
Notes	16
Directors' Declaration	27
Independent Auditor's Report to the Members of Twin Towns Services Club Limited	28
Core and Non-Core Property	30

It is my pleasure to present the Annual Report for the financial year ending 31st December 2022. This report is to be considered at the Annual General Meeting to be held on Tuesday 23rd May 2023 at Twin Towns Services Club, Wharf Street, Tweed Heads commencing at 7.00pm.

Since I last communicated with members, there has been significant progress in adjusting to Covid-19. Vaccines have become readily available precipitating local economic recovery that has so far proven very resilient. While the ebb and flow of case numbers and the possibility of new variants remains, we are increasingly adapting to a new normal way of living with the virus.

It was an extremely challenging start to the 2022 year with the Clubs and all the other businesses we are involved with still being affected by the pandemic.

This year has also been wrought by devastating floods, not just in our region but across our whole country. This has resulted in significant financial and social impacts to many communities that are still recovering from the physical trauma and also dealing with mental health issues that arose after the initial devastation had subsided.

The rebuilding of these communities will take a significant amount of time and money before residents can move back into their homes and start to rebuild their lives.

The second half of the year told a completely different story as restrictions were lifted and communities were encouraged to travel, socialise with their friends and neighbours and put the past behind them.

They did this with great enthusiasm, and it is reflected in the final result for the 2022 year. The company

All air handling and air conditioning plants were upgraded with new and more efficient technologies. A significant upgrade was also made to the air conditioning system which services the pedestrian bridge from the resort.

As a result of these initiatives, the group's energy reduction over the past 12 years has been considerable. It equates to a reduction of 1,886 tonnes of carbon dioxide per annum. We anticipate further reductions with the ongoing improvements planned.

When developing strategies, we will consider that Environmental, Social and Governance (ESG) matters are a mainstream part of due diligence process, being central to the investment and risk profile of a company and or industry we invest in.

The future ahead is not without its challenges as the cost of living rises, interest rates increase and discretionary spending reduces. Our customers are forced to make decisions on how they spend their money and hospitality is the first area to feel the reduced patronage.

The State Government's decision to introduce a cashless gaming card will also have a direct effect on what we can achieve into the years ahead. There has been very little consultation on how the scheme will operate, what costs will be involved in managing the scheme and who will be responsible for monitoring and enforcing the use of the card. If the past is any guide, once Government becomes involved, the outcome is not what was originally proposed.

The programme, if introduced, will impact how the Club will perform into the future. We, as an organisation that operates in this area, need to be on the front foot and make the Government accountable for any anxiety caused to staff, patrons and charitable organisations affected by this untested legislation.

The long-awaited redevelopment of Juniors will commence in early April 2023 and the Club will be

Board of Management Report (cont.)

I would also like to take this opportunity to acknowledge and thank the entire Twin Towns Services Club team for their contribution. The Board is most grateful for your continued commitment to ensuring our members and guests receive a memorable experience.

In closing, to all members, I would like to thank you for your continued support and patronage throughout a very difficult year. I look forward to seeing you around the Clubs and enjoying a brighter 2023.



Brian Brown

Members

I present the CEO's report for the 2022 financial year which resulted in a net profit after tax of \$7,466,577 and a cash profit of \$16.37 million. This is a very pleasing result following two years of pandemic impacts.

The recovery commenced in February 2022 following the removal of border restrictions in December 2021. The Christmas and New Year periods were negatively impacted until confidence in travel returned.

The return of travel coincided with the launch of The Sebel rebranding and the first full year of operating the hotel following its complete refurbishment. The timing of those works has ensured that we had the product to capitalise on what has been a strong year for domestic travel. The hotel has achieved a record result on the back of these influences.

There remains one piece of work to complete, a guest lounge, which has been frustrated by the planning delays in the Tweed Shire and no date of approval is known at this time.

The flooding that impacted so many in our community was a devastating event with ongoing and life-changing implications for many. To our members and staff that continue to recover, we send our sincere best wishes that you are able to re-establish your lives and put this behind you.

The Club was modestly impacted during the floods and the team at Juniors under the stewardship of Chris Mullen got the Club open again in record time. Sadly, this was a result of not just hard work but also past experience.

Having achieved a development consent for a new flood-free Juniors in 2021, the final detailed planning for the rebuild was well underway and the year closed with the Board approving the construction in 2023.

It has been a difficult and less than ideal time to be planning any construction with the labour and

CEO's Report 2022 (cont.)

The Club engaged expert consultants in hospitality, market and consumer research, architecture and urban planning and over a three-month period developed a new broad masterplan for the entire Club Banora property. The project also included a granular analysis of the Club's financial and patronage records creating trend information that is supported by living results. The general themes were:

- The current offering is well liked, as a local
- More alfresco dining and drinking opportunities
- Expand family friendly themes
- Greater street appeal
- More reasons to visit, broadly
- Dropping sports/social membership and usage
- Financial diversity essential

This has led to finer planning and consultation with the Council and others to bring forward a new development application in 2023.

The current assets at Club Banora are now almost 40 years old and some have failed either financially or physically. Most notably parts of the golf course, the top floor of the Club and during 2022, the Oasis Pools have also reached end of life. The new masterplan features a location for a rebuilt pool and is also seeking to find viable uses for the other unused assets.

The Club has embarked on campaign seeking government funding for a pool facility as is usually the case for pools where they are provided as a community service. That campaign has been well documented but the next steps are to undertake a socio-economic impact study of our whole plan to assist our representations with all levels of Government. This piece of work was approved by the Board late in 2022.

While planning progresses, there continues to be investment in the current assets. Just prior to

CEO's Report 2022 (cont.)

I also want to acknowledge our entire team for their ongoing efforts and support. Being customer facing when you don't have the right number of staff to properly service the operation is stressful. We also thank members for their consideration during these times.

Following an internal restructure, I'd like to welcome Troy Phillip to the executive management team, joining my long-term colleagues Rod Pain and Kim Collins.

I also want to say a special thank you to our Facilities Manager Steve Murphy who retired this year. It is an enormous task to manage facilities of this scale on a daily basis. Steve did it with ease and guided many a crisis being dealt with by others, sharing his intimate knowledge of the buildings even when at home with his family. We wish him every happiness in Forster where he has clocked out to.

Twin Towns also benefited from reinvestment during the year with the Harbour Lounge being recarpeted and refurnished. The Showroom toilets also received a soft makeover and modernisation.

We added the Go 2 Twin Towns members transport service during the year. This is a door-to-door service and the cost is fully returned to members in house credit to use across the food and beverage operations. I encourage you to book through the Twin Towns app and give the service a try.

Further afield in Mackay at the Galaxy Motor Inn, the Club purchased a residence next door and was able to demolish the previous managers residence and office, delivering a much more modern and approachable motel with far easier access off Nebo road. Major services were upgraded and at the time of writing, the large solar installation planned remains the one outstanding item.

I take this opportunity to acknowledge the Board for their support and guidance. Chairman Brian

Your directors present their report on the financial accounts of Twin Towns Services Club Limited (the Company) and its subsidiary (the Group) for the year ended 31 December 2022.

DIRECTORS

The names and details of the directors in office during the financial year and until the date of this report are as follows:

Brian M Brown M.A.I.C.D. **POSITION: Chairman**

OCCUPATION: Retired

EXPERIENCE: 14 years Board Member. Chairman from 28 July 2020. Deputy Chairman from 20 May 2014 to 28 July 2020. Chairman of Executive. Chairman of Compliance/Risk, Insurance, New Projects, Club Banora, Investment, Nominations and Remuneration Sub-Committees and Member of Donations Sub-Committee. Director of Twin Towns Services Property (Qld) Pty Ltd.

MEETING ATTENDANCES: 49/49

David W Phillips OAM LTCOL RAInf (Retired) FAICD **POSITION: Deputy Chairman**

OCCUPATION: Retired

EXPERIENCE: 14 years Board Member. Deputy Chairman from 28 July 2020. Member of Executive. Chairman of Disciplinary and Donations Sub-Committees. Member of Compliance/Risk, New Projects, Remuneration, Insurance, Club Banora, Nominations and Investment Sub-Committees. Club representative on and Chairman of Tweed Club Grants Local Committee.

MEETING ATTENDANCES: 51/54

Kenneth C Culpitt (Ken) B Sc. Dip P.M. Australian Sports Medal **POSITION: Director**

OCCUPATION: Retired

EXPERIENCE: 6 years Board Member. Member of Disciplinary and Remuneration Sub-Committees. Work Health & Safety Delegate. Club representative on Building Management Committee Ocean and Harbour Towers.

MEETING ATTENDANCES: 41/41

John F Griffin JP PhD MJuris MEng BE DipEE DipME DipCD CPEng FIEAust
APEC Engineer IntPE (Aus) FAICD LCDR RANR (Retired)

Ragina R Rogers MGovLead PgDipPar **POSITION: Director**

OCCUPATION: Australian Unity Regional Manager Indigenous Services Northern & Central NSW
EXPERIENCE: 2 Years Board Member. Member of Disciplinary, Remuneration, New Projects, and Donations Sub-Committees.
MEETING ATTENDANCES: 30/35

Sharon L Styman MBA Bus Admin **POSITION: Director**

OCCUPATION: Company Strategist
EXPERIENCE: 3 Years Board Member. Member of Compliance/Risk, Disciplinary and Club Banora Sub-Committees. Club Representative on ClubGrants Local Committee. Work Health & Safety Delegate.
MEETING ATTENDANCES: 45/47

COMPANY SECRETARY

Mr Robert L Smith was appointed company secretary on 1 July 2005 and is also the Chief Executive Officer of Twin Towns Services Club Limited. Mr R L Smith is a director and company secretary of Twin Towns Services Property (Qld) Pty Ltd.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were that of a Licensed Club, Resort/Hotel accommodation and related sporting facilities.

There were no significant changes in the nature of the activities of the Group during the year.

Short and long term objectives

To be financially prudent within the current and expected conditions that are confronting the Club industry, whilst providing facilities and services that members and guests have come to expect.

Strategy for achieving the objectives

DIVIDENDS

Payment of dividends to members is prohibited under the company's constitution.

EVENTS SUBSEQUENT TO BALANCE DATE

No 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.

MEMBERS' LIMITED LIABILITY

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. In accordance with the Constitution of the company, each member undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he or she is a member or within one year thereafter. At 31 December 2022, the total number of members was 64,276 (2021: 57,341) and the total amount that members are liable to contribute if the Company is wound up is \$128,552 (2021: \$114,682).

WORK HEALTH AND SAFETY REGULATIONS

The Group takes a proactive approach to risk management and the Board is committed to ensuring that a systematic approach is adopted in regard to the policies concerning the Work Health and Safety issues of the employees, members and visitors' safety and well being whilst attending the club.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of a 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.

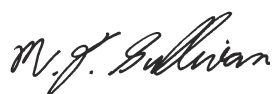
The company was not a party to any such proceedings during the year.

Under Section 307C of the Corporations Act 2001

To the Directors of Twin Towns Services Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



M J Sullivan
Sullivan & Associates

Registered Company Auditor
Dated at Coolangatta, Qld this 30th day of March 2023.

	Note	2022 \$	2021 \$
REVENUE AND OTHER INCOME	2	71,366,093	45,828,587
LESS EXPENDITURE	3		
Cost of goods sold		4,950,608	2,986,187
Depreciation and amortisation expense		7,507,013	7,675,009
Impairment loss		655,453	-
Employment expenses		16,040,023	13,454,338
Gaming machine taxes and levies		10,379,647	6,407,158
Property expenses		9,677,745	7,828,920
Promotions and advertising		2,941,676	1,539,366
Entertainment		2,663,531	1,120,476
Members expenses		2,689,666	1,599,552
Finance costs		2,652	-
Other operating expenses		5,646,990	3,336,732
		63,155,004	45,947,738
PROFIT/(LOSS) BEFORE INCOME TAX		8,211,089	(119,151)
INCOME TAX BENEFIT/(EXPENSE)	4	(744,512)	758,468
NET PROFIT		7,466,577	639,317
OTHER COMPREHENSIVE INCOME		12,268,309	-
TOTAL COMPREHENSIVE INCOME		19,734,886	

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Reserves	Retained	Total
	\$	Earnings	\$
		\$	\$
Total Equity at 1 January 2021	52,459,431	119,964,351	172,423,782
Profit for the year	-	639,317	639,317
Other comprehensive income	-	-	-
Total Equity at 31 December 2021	<u>52,459,431</u>	<u>120,603,668</u>	<u>173,063,099</u>
Profit for the year	-	7,466,577	7,466,577
Other comprehensive income	12,268,309	-	12,268,309
Total Equity at 31 December 2022	<u>64,727,740</u>	<u>128,070,245</u>	<u>192,797,985</u>

The accompanying notes form part of these financial statements

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	5	20,832,598	23,595,787
Trade and other receivables	6	1,657,007	787,158
Financial assets	7	17,547,177	5,600,000
Inventories	8	671,150	379,297
Other	10	1,209,981	1,124,104
TOTAL CURRENT ASSETS		41,917,913	31,486,346
NON CURRENT ASSETS			
Property, plant and equipment	11	157,141,902	147,777,634
Right-of-use assets	16(a)	217,691	-
Other	10	253,385	253,385
Intangible assets	9	1,128,000	1,128,000
Deferred tax assets	4(b)	1,318,245	1,426,541
TOTAL NON CURRENT ASSETS		160,059,223	150,585,560
TOTAL ASSETS		201,977,136	182,071,906
CURRENT LIABILITIES			
Trade and other payables	12	4,856,624	6,122,839
Current tax liabilities	4	748,634	-
Provisions	13	3,169,655	2,673,549
Lease Liabilities	16(b)	72,379	-
TOTAL CURRENT LIABILITIES		8,847,292	8,796,388
NON CURRENT LIABILITIES			
Deferred tax liabilities	4(c)		

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and government		77,840,288	50,697,253
Payments to suppliers and employees		(63,903,178)	(41,367,212)
Interest received		382,716	65,786
Interest paid		(2,652)	-
Income tax refunded / (paid)		104,307	(59,115)
NET CASH FLOWS FROM OPERATING ACTIVITIES		14,421,481	9,336,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		(5,305,297)	(9,478,988)
Proceeds from sale of property, plant & equipment		83,820	23,577
Proceeds/ (purchase) of investments		(11,951,613)	3,678,791
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(17,173,090)	(5,776,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(11,580)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(11,580)	-
NET INCREASE/(DECREASE) IN CASH HELD		(2,763,189)	3,560,092

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

(b) Basis of Consolidation

The financial report covers the consolidated entity, comprising Twin Towns Services Club Limited (the parent entity) and the entity controlled by Twin Towns Services Club Limited as at balance date. Twin Towns Services Club Limited and its controlled entity together are referred to in the financial statements as the Group. A controlled entity is any entity over which Twin Towns Services Club Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Details of the controlled entity are contained in Note 19 to the financial statements.

(c) Leases

Leases of low-value assets or for short terms of 12 months or less are recognised as an expense in the Statement of Comprehensive Income as the lease payments are made.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the sales of products and services. Other revenue includes interest and rental income, commissions, and other fees received.

Revenue from the sale of goods including food and beverages is recognised at the point in time in which the customer receives the goods.

Revenue from services including accommodation, entertainment, membership and gaming is recognised when or as services are rendered on a straight-line basis over time.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Rental revenue is recognised on a straight-line basis over the term of the lease in accordance with the lease agreements.

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

(e) Income Tax

The company's taxable income has been determined based on the principle of mutuality.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the

(h) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction) based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings is credited to a revaluation reserve in equity. 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.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Property, plant and equipment, other than freehold land, is depreciated over their estimated useful lives using the straight line method or the reducing balance method.

Major depreciation periods are:

- Freehold Buildings 66 years
- Plant and Equipment

(iii) Superannuation Plans

The Group contributes to several superannuation funds for employees. Contributions are recognised as an expense based on employees' past service. There is no legal or constructive obligation to pay contributions should a fund have insufficient assets to meet its obligations to pay employee benefits.

(j) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand as defined above excluding term deposits, net of outstanding bank overdrafts. Term deposits are shown within investing activities on the consolidated statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Intangible assets

(m) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of its fair value less costs to sell and value in use.

Where the asset does not generate cash flows that are largely independent of the cash inflows from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Financial Instruments

Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial assets through profit or loss

The Group has managed strategic investments in listed and unlisted entities over which it does not have significant influence or control. The Group has made an irrevocable election to classify these equity investments as fair value through profit and loss as they are held for trading purposes.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the consolidated statement of profit and loss and other comprehensive income.

(o) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Significant Accounting judgements, estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have an effect on the carrying amounts of certain assets and liabilities are:

Impairment

	2022	2021
	\$	\$
2. REVENUE AND OTHER INCOME		
Gaming and wagering	40,182,227	26,354,620
Catering and beverages	19,188,484	10,614,578
Accommodation	7,355,817	3,662,018
Showroom	2,231,084	947,502
Sporting activities	398,860	370,684
Membership, commissions and other operating activities	717,293	607,232
Entertainment	158,215	90,210
Interest income	382,716	65,786
Other income investments managed funds	57,433	-
Rental income	663,964	676,207
Government grants	30,000	2,439,750
Total	71,366,093	45,828,587
3. EXPENSES		
Expenses from operating activities includes:		
Cost of goods sold	4,950,608	2,986,187
Depreciation	7,494,208	7,675,009
Impairment loss	655,453	-
Amortisation right-of-use assets	12,805	-
Finance costs	2,652	-
Low value asset leases expense	35,192	29,962
4. INCOME TAX		

	2022	2021
	\$	\$
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Debtors	1,427,122	731,866
Other receivables	229,885	55,292
	1,657,007	787,158
7. FINANCIAL ASSETS		
Financial assets - investments managed funds	5,547,177	-
Term deposits with maturities greater than 3 months	12,000,000	5,600,000
	17,547,177	5,600,000
8. INVENTORIES		
Finished goods - at cost	671,150	379,297
9. INTANGIBLE ASSETS		
Poker machine licences	1,108,000	1,108,000
Agency Licences	20,000	20,000
	1,128,000	1,128,000
Balance at beginning of year	1,128,000	1,128,000
Acquired	-	-
Disposal	-	-
Revaluation	-	-
Balance at end of year	1,128,000	1,128,000
10. OTHER ASSETS		
CURRENT		
Prepayments	1,209,981	1,124,104
126,402,589 (A8-B) 128,000		

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Plant & Equipment	Capital Works in Progress	Total
	\$	\$	\$	\$	\$
Balance at beginning of year	33,781,135	89,687,722	21,427,924	2,880,853	147,777,634
Additions	257,594	831,542	4,101,180	114,981	5,305,297
Disposals	-	-	(64,113)	-	(64,113)
Revaluation	3,151,271	9,121,474	-	-	12,272,745
Impairment	-	-	(655,453)	-	(655,453)
Depreciation expense	-	(2,153,182)	(5,341,026)	-	(7,494,208)
Carrying amount at year end	37,190,000	97,487,556	19,468,512	2,995,834	157,141,902

FAIR VALUE MEASUREMENT

Fair value measurement of non-financial instruments

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

	2022	2021
	\$	\$
Land at Fair Value	37,190,000	33,781,135
Buildings and Improvements		

	2022	2021
	\$	\$
12. TRADE AND OTHER PAYABLES		
CURRENT		
Creditors and accruals	3,203,140	4,877,510
Contract liabilities	1,635,369	1,221,189
Security deposits held	18,115	24,140
	4,856,624	6,122,839
13. PROVISIONS		
CURRENT		
Poker machine duty / jackpots / cashless cards	1,162,449	770,988
Employee entitlements	1,984,014	1,887,747
Members advantage	23,192	14,814
	3,169,655	2,673,549
NON-CURRENT		
Employee Entitlements	139,348	168,104
The aggregate employee entitlement liability including on-costs, is comprised of:		
- Current	1,984,014	1,887,747
- Non current	139,348	168,104
	2,123,362	2,055,851
14. CASH FLOW INFORMATION		
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows comprises of:		
Cash	20,832,598	23,595,787
15. CONTINGENT LIABILITIES		

	2022	2021
	\$	\$
16. LEASES		
As lessee		
a) Right of use assets		
Balance at beginning of the year	-	-
Additions	230,496	-
Depreciation charge	(12,805)	-
Balance at end of year	217,691	-
b) Lease liabilities in the consolidated statement of financial position		
Current	72,379	-
Non current	146,536	-
c) Operating lease commitments payable	218,915	-
Operating leases contracted for		
- not later than one year	42,653	37,039
- later than one year and not later than five years	32,978	53,580
Non-cancellable operating leases contracted for but not capitalised in the financial statements consists of leases for low value assets.	75,631	90,619
As lessor		
Operating lease commitments receivable		
Lease payments receivable		
- not later than one year	346,244	328,491
- later than one year and not later than five years	1,107,230	1,139,103
- later than five years	491,251	761,206
	1,944,725	

The Directors of Twin Towns Services Club Limited declare that:

1. The consolidated financial statements and notes, as set out on pages 11 to 26 are:
 - (a) in accordance with the Corporations Act 2001;
 - (b) comply with Australian Accounting Standards–Simplified Disclosures and the Corporations Regulations 2001; and
 - (c) give a true and fair view of the Group’s financial position as at 31 December 2022 and of its performance for the financial year ended on that date.
2. In the Directors’ opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



B. M. Brown
Director

Dated at Tweed Heads, NSW this 30th day of March 2023.

Report on the Financial Report

Opinion

We have audited the financial report of Twin Towns Services Club Limited (the Company) and its subsidiary (the Group) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

1. giving a true and fair view of the Group's consolidated financial position as at 31 December 2022 and of its performance for the year then ended on that date; and
2. 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 Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board'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

the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

Auditor's Name and Signature: **M J Sullivan**



Name of Firm: **Sullivan & Associates**
Address: 2/11 Gri th Street
Coolangatta QLD 4225

Dated this 30th day of March 2023.

CORE AND NON-CORE PROPERTY

Pursuant to Section 41E of the Registered Clubs Act 1976 the core property and non-core property of the Group as at 31 December 2022 is provided below. This information does not form part of the audited financial accounts.

CORE PROPERTY

The Main Club Premises east of Wharf Street, Tweed Heads described as Lot 1 in deposited plan 777183 excluding:

- that part of the premises that comprises the TAB agency.
- that part of the premises that comprises the bar "1st on Wharf".

Club Banora Leisure Drive Banora Point described as Lot 2 in deposited plan 1040576 excluding:

- the Oasis Pools Complex
- the Golf Pro shop
- those parts of Club Banora land within Lot 2 in deposited plan 1040576 set out below under non-core property.

Twin Towns Juniors Corner Fraser Drive and Leisure Drive Banora Point described as Lot 1 in deposited plan 1088100.

NON-CORE PROPERTY

Tweed Heads

The part of the Main Club Premises east of Wharf Street, Tweed Heads described as Lot 1 in deposited plan 777183 being:

The TAB agency

The bar known as "1st on Wharf"

The commercial, hotel and accommodation areas of the Resort building west of Wharf Street Tweed Heads described as Lots 1 and 2 in deposited plan 1007168 and Lot 6 in deposited plan 1096714

The air bridge over Wharf Street between the main club and the Resort being a lease expiring on 31st July 2038 and being Lease No 7131486 over Lot 1 in deposited plan 860665, which is owned by Tweed Shire Council

Property owned by the Group being:

Lot 44 in deposited plan 1258581 situate at 44 Recreation Street, Tweed Heads

Land owned by the Group being:

Lots 7 and 8 of Section 4 in Deposited Plan 2379 situated at 41 and 43 Boyd Street, Tweed Heads

Banora Point

The part of the property of Club Banora Leisure Drive, Banora Point described as part of Lot 2 in deposited plan 1040576 being:

The Oasis Pools Complex

The Golf Pro Shop

The parcel of Land approved by the resolution of members at the 2009 Annual General Meeting as detailed in the Plans initialled by the Chairman for identification purposes at that meeting and located at Club Banora Leisure Drive, Banora Point described as part of Lot 2 in deposited plan 1040576. The area is generally described as approximately 30,000m² in the north east corner of Lot 2 in deposited plan 1040576 and is detailed in B & P Surveys plans 17505/1 D and 17505/2 D dated 06/07/01

The parcel of Land approved by the resolution of members at the 2019 Extraordinary General Meeting as detailed in the Plans initialled by the Chairman for identification purposes at that meeting and located at Club Banora Leisure Drive, Banora Point described as part of Lot 2 in Deposited Plan 1040576. The area is generally described as that part of the land contained within Lot 2 in Deposited Plan 1040576 depicted on the plans prepared by B & P Surveys numbered 23411 D dated 07/10/19 and 23412 D dated 08/10/19 and identified as 'proposed development lot' and commonly referred to as the "practice fairway", a filled and elevated area on the western edge of the golf course.

The parcel of Land approved by the resolution of members at the 2022 Extraordinary General Meeting as detailed in the Plans initialled by the Chairman for identification purposes at that meeting and located at Club Banora Leisure Drive, Banora Point. The area is generally described as that part of the land contained within Lot 2 in Deposited Plan 1040576, identified as the area of the golf course closed for use in March 2014 and bounded by the fence erected isolating this area at the time as depicted on the plans prepared by B & P Surveys numbered 23411 D dated 07/10/19 and identified as 'proposed development lot'.

Land owned by the Group being:

Lot 164 in deposited plan 1057452 situate at 261 Darlington Drive Banora Point.

Lot 1 in deposited plan 1228463 situate at Darlington Drive Banora Point.

Mackay

Property owned by the Group being:

The Shakespeare Motel, Lot 1 in SP172923 situate at 309 Shakespeare Street, Mackay Queensland

The Galaxy Motor Inn, Lot 1 and Lot 2 in RP711281 and Lot 5 in RP711580 situated at 186-188 Nebo



Wharf Street, Tweed Heads, NSW 2485. Telephone: 07 5536 2277

www.twintowns.com.au

ABN 61 001 042 833