2023 ANNUAL REPORT

CESSNOCK
HOSPITALITY GROUP

Cessnock Leagues Club
Darwin St, Cessnock

Vincent Street Kitchen + Bar
Vincent St, Cessnock

Wine Country Motor Inn
Darwin St, Cessnock

Paxton Bowling Club
Clift St, Paxton

NOTICE OF ANNUAL GENERAL MEETING

ACN 001 559 548

CESSNOCK HOSPITALITY GROUP

NOTICE is hereby given that the Annual General Meeting of **CESSNOCK HOSPITALITY GROUP LTD.** is to be held on **Sunday, 19 November 2023** commencing at **10:30am** at the premises of the registered office of the Club at Darwin Street, Cessnock in the State of New South Wales.

AGENDA

1. Apologies.
2. To confirm and adopt the Minutes of the previous Annual General Meeting of the Club.
3. To receive and consider the Financial Report and Auditor's Report for the financial year. Copies of these reports are available on request at the Club and on the Club's website.

   Note: Members who may have questions in relation to any report are requested to submit their questions in writing to the Club Manager **by 12pm on Friday, 17 November 2023**. This will allow sufficient time for information to be gathered or research undertaken. If questions are not submitted in this manner, the Club may not be able to provide a complete answer at the Annual General Meeting.
4. To receive and consider the reports of the Board and Management of the Club. Copies of these reports are available on request at the Club and on the Club's website.
5. To consider the Ordinary Resolution set out below.
6. To consider the Special Resolutions set out below.
7. To deal with any business of which due notice has been given.
8. General Business.

PROCEDURAL MATTERS FOR RESOLUTIONS

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

ORDINARY RESOLUTION

(a) That the members hereby approve expenditure by the Club until the next Annual General Meeting of the Club for the following:

  (i) The President and Treasurer receive a $3,000 honorarium and the Vice Presidents and Directors receive a $2,500 honorarium for services rendered since the date of the Club's previous Annual General Meeting.

  (ii) The reasonable costs of Directors attending seminars, lectures and other educational activities as determined by the Board from time to time.

  (iii) The reasonable costs (including travel, accommodation, meals and beverage expenses) of Directors (and their spouses/partners if required) attending meetings, conferences and trade shows conducted by ClubsNSW, the Club Managers Association, the Leagues Clubs Association and such other conferences and trade shows as determined by the Board from time to time. Also, that each Director attending these meetings, conferences and trade shows be provided with an allowance of $100 per night to cover any additional out of pocket expenses.

  (iv) The reasonable cost of Directors (and their spouses/partners if required) attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.

  (v) The reasonable cost of Directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.

  (vi) The reimbursement of reasonable out of pocket expenses incurred by Directors travelling to and from Board meetings or other duly constituted meetings of any committee of the Board.

(vii) The reasonable cost of meals for each Director in respect of a Board or committee meeting on the day of that meeting, when such meeting coincides with a normal meal time.

(viii) The reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.

(ix) The reasonable cost of Club apparel being provided to Directors as required.

(x) The reasonable cost of an annual Christmas Dinner, including meals and beverage expenses, for Directors and their Partners.

(xi) Access to a credit card for the use of the President in respect of his duties as President of the Club.

(xii) The reasonable cost of an electronic device (iPad) being made available to Directors in respect of their duties as Directors of the Club.

(b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are Directors of the Club (and their spouses/partners in the circumstances set out in (ii), (iii) and (iv) above).

Notes to Members on Ordinary Resolution

1. The Ordinary Resolution is to have the members in general meeting approve expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club and for other out of pocket expenses.

2. Included in the Ordinary Resolution is the reasonable cost of:

   (a) Directors attending functions as representatives of the Club and, if required, the costs of their spouses/partners also attending those functions;

   (b) an electronic device (iPad) being made available to Directors in respect of their duties as Directors;

FIRST SPECIAL RESOLUTION

[The First Special Resolution is to be read in conjunction with the notes to members set out below.]

That as and from the AGM held in 2024 and for the purposes of the election to be held in that year, the Constitution of Cessnock Hospitality Group Ltd be amended by:

(a) deleting Rule 47(a) and in lieu thereof inserting the following new Rule 47(a):

“(a) The Board shall consist of seven (7) Directors, being the President, 2 Vice-Presidents, a Treasurer and three (3) Ordinary Directors.”

(b) deleting Rule 60 and in lieu thereof inserting the following new Rule 60:

“60. The quorum for meetings of the Board shall be four (4) members of the Board.”

Notes to Members on First Special Resolution

1. These explanatory notes have been prepared to assist members in understanding the details and effect of the Special Resolution to be considered at the Annual General Meeting.
2. These notes are to be read in conjunction with the proposed Special Resolution.
3. The First Special Resolution proposes to reduce the size of the Board with such amendments to take effect from and for the purposes of the Annual General Meeting to be held in 2024.
4. The Board is currently made up of nine (9) directors comprising the President, two (2) Vice Presidents, a Treasurer and five (5) Ordinary Directors.
5. If the First Special Resolution is passed, the Board will be reduced from nine (9) directors to seven (7) directors and will be made up of the President, 2 Vice-Presidents, a Treasurer and three (3) Ordinary Directors as opposed to the current situation where there are (5) Ordinary Directors.
6. Consistent with the reduction of the Board from nine (9) to seven (7) directors, the First Special Resolution also proposes to reduce the quorum required for a meeting of the Board from five (5) to four (4) directors with such amendment to take effect from and for the purposes of the Annual General Meeting to be held in 2024.
7. The First Special Resolution has been proposed by the Board of Directors to ensure the efficient operation of future Board proceedings and to maintain a high standard of skills, knowledge and experience across future Boards.

SECOND SPECIAL RESOLUTION
[The Second Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Constitution of Cessnock Hospitality Group Ltd be amended by:

(a) inserting the following new heading and new Rules 43A to 43F inclusive as follows:

"ADDITIONAL DISCIPLINARY POWERS OF SECRETARY

43A. If, in the opinion of the Secretary (or his or her delegate), a member has engaged in conduct that is unbecoming of a member or prejudicial to the interests of the Club, then the Secretary (or his or her delegate) may suspend the member from some or all rights and privileges as a member of the Club for a period of up to twelve (12) months.

43B. In respect of any suspension pursuant to Rule 43A, the requirements of Rule 43 shall not apply.

43C. The Secretary (or his or her delegate) must notify the member (by notice in writing) that:
- (a) the member has been suspended as a member of the Club; and
- (b) the period of suspension;
- (c) the privileges of membership which have been suspended; and
- (d) if the member wishes to do so, the member may request by notice in writing sent to the Secretary, the matter be dealt with by the Board pursuant to Rule 43.

43D. If the member submits a request under Rule 43C(d):
- (a) the member shall remain suspended until such time as the charge is heard and determined by the Board; and
- (b) the Club must commence disciplinary proceedings against the member in accordance with the requirements of Rule 43.

43E. The determination of the Board in respect of those disciplinary proceedings shall be in substitution for and to the exclusion of any suspension imposed by the Secretary (or his or her delegate).

43F. This Rule 43 applies to Full members only and it does not limit or restrict the Club from exercising the powers contained in Rule 44 of this Constitution and the powers contained in section 77 of the Liquor Act."

Notes to Members on the Second Special Resolution

1. The Second Special Resolution gives the Secretary the power to issue a suspension of membership for a period up to 12 months if the Secretary is of the view that a member has engaged in conduct unbecoming of a member or conduct that is prejudicial to the interests of the Club. However, the member concerned has the right to request that the matter be referred to the Board to be dealt with in the usual way at a disciplinary hearing.

THIRD SPECIAL RESOLUTION
[The Third Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Constitution of Cessnock Hospitality Group Ltd be amended by inserting the following new Rule 49(aa):

"(aa) A member who:
- (i) is an employee; or
- (ii) is a former employee of the Club whose services were terminated by the Club for misconduct;
- (iv) was an employee of the Club, or any club that has amalgamated with the Club, within the period of three (3) years prior to nomination, election or appointment to the Board; or
- (v) is a director or an employee of another registered club within the radius of fifty (50) kilometres of the main premises of the Club.

shall not be eligible to stand for or be elected or appointed to the Board."

Notes to Members on the Third Special Resolution

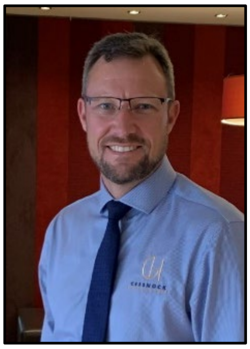
1. The Third Special Resolution inserts further circumstances whereby a member will not be eligible to nominate for or be elected to the Board. For example, the new rule provides that if a member was an employee of the Club, or any club that has amalgamated with the Club, within the period of three (3) years prior to nomination, election or appointment to the Board; or is a director or an employee of another registered club within the radius of fifty (50) kilometres of the main premises of the Club, that member will not be eligible to nominate for or be appointed to the Board.
2. These proposed changes have been proposed by the Board as being in the best interests of the Club and in line with good corporate practice.

PROCEDURAL MATTERS FOR SPECIAL RESOLUTIONS

1. Amendments to each of the Special Resolutions will not be permitted from the floor of the meeting other than for minor typographical or clerical corrections which do not change the substance or effect of a Special Resolution.
2. To be passed, each Special Resolution requires votes from not less than three quarters of those members who being eligible to do so, vote in person on the Special Resolution at the Annual General Meeting.
3. Under the Club's Constitution only members are eligible to vote on the Special Resolutions.
4. Under the Registered Clubs Act proxy voting is prohibited and members who are employees of the Club are ineligible to vote.
5. The Board of the Club recommends that members vote in favour of each of the Special Resolutions.

By direction of the Board,
Paul Cousins | Chief Executive Officer
Wednesday, 25 October 2023

2023 CEO's Report



I am pleased to present my fourteenth CEO's Report for the Cessnock Hospitality Group for the financial year ending 2023. In a year marked by many challenges, I am delighted to report that the Group has not only weathered the storm but has achieved remarkable growth and success.

Financial Performance

Our financial performance in the past year has been exceptional. Revenues across the Group totalled $17.6 million, a substantial increase from the previous year, resulting in a net profit of $2.38 million compared to $0.91 million last year. This exceptional financial performance is a testament to not only our loyal members, but also our team's dedication and resilience.

On the back of this year's strong financial performance, the Group fully repaid all of its borrowings during the financial year. The Group is now debt-free for the first time since 2005. This milestone not only strengthens our balance sheet but also demonstrates our commitment to responsible financial management of Member's funds.

Membership Growth

Our commitment to providing outstanding customer service to our members continues to grow, not only our revenues, but our membership base as well. Membership has seen substantial growth, increasing from 13,981 last year to 16,538 this year. This not only demonstrates the trust and loyalty our members place in us but also the effectiveness of our strategies to attract and retain quality staff members.

Community Engagement

We believe in the importance of giving back to the communities we serve. The Group donated $301,896 across 56 local charities, community groups, and sporting clubs during the year. This contribution equates to just over $18 per member and reflects our dedication to being a responsible corporate citizen, making a positive impact on our local community.

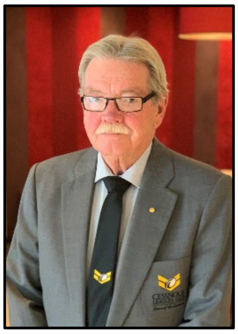
Looking Ahead

The achievements of the past year are only a testament to the dedication, hard work, and innovative spirit of the entire Cessnock Hospitality Group team. We are committed to maintaining this momentum in the years ahead. Our strategic focus remains on enhancing the member experience, improving our facilities, exploring growth opportunities, and continuing our tradition of community support.

In closing, I would like to extend my gratitude to our President Bruce Wilson, and the Board, for their continued support of the Management Team. I also congratulate the Management Team and our Staff for their significant contribution to the Group's success. Finally, a sincere thank you to loyal members for their ongoing support of the Cessnock Hospitality Group. We are excited about the future and look forward to even greater accomplishments in 2024.

Paul Cousins | Chief Executive Officer

2023 President's Report



I'm pleased to be able to report to members another very successful year for all facets of the Cessnock Hospitality Group's operations.

The group has been able to post a healthy profit of $2.4 million for the past financial year due to careful management that resulted in members be able to continue to enjoy what our venues have to offer. Paul will elaborate more in his report.

Facilities including Cessnock Leagues Club, Vincent Street Kitchen and Bar, Paxton Bowling Club and Wine Country Motor Inn place the Group among the leading organisations in the Newcastle Hunter Region against strong opposition from numerous other licensed premises.

At the end of the financial year the Group had a healthy $3.1 million in cash reserves and remains debt free. This has been an amazing effort.

Clubs caring for the community has always been at the forefront and I am proud to announce that during the past year a total of $301,896 has been distributed to 56 charities and like organisations.

There has been constant upgrade to all facilities including renovations to the Motel and placing electric vehicle charging stations there.

I have always maintained that any organisation's strength rests with its staff and we have been fortunate to have a dedicated team through all areas of the business.

Our success reflects strongly on the efforts of our CEO Paul Cousins and the Board of Directors. I would also like to thank my fellow Directors for their contributions and support for the continued growth as well as the staff who continue to provide excellent service.

Bruce Wilson OAM | President

2022/23

Community Support

ClubGRANTS Fund

PCYC Cessnock
The Top Blokes Foundation
Northern NSW Helicopter Rescue Service Limited
Prostate Survival Alliance Inc
Spirit of Giving Fundraising Hub Inc.
Newcastle Rugby League
Hunter Prelude Pty Ltd
We Care Connect
The Rotary Club of Cessnock
Sunnyfield
Lifeline Direct Limited
Little Wings Limited
Royal Life Saving NSW
Girl Guides Association (New South Wales)
Strive For Autism
Heart of the Nation
Cessnock Mayoral Awards
ANZAC Day RSL Breakfasts
Hunter Valley Bus Tragedy

Sports Club Sponsorships

Cessnock Goannas Rugby League
Cessnock Minor Rugby League
Cessnock Hornets Football Club
Cessnock District Netball Association
Cessnock Hockey Association
Cessnock Basketball Association

$301,896

Donated to 56 Local Charities, Community Groups & Sporting Clubs throughout the Year

Schools Education Fund

Nulkaba Public School
Millfield Public School
All Saints College
St Patrick's Primary
Kitchener Public School
Cessnock High School
Bellbird Public School
Cessnock High School
St Phillips Christian College
Mount View High School

Sports & Community Groups Fund

Samaritans
Little Wings BBQ
Cessnock Refugees
Tim's Charity Cricket Match
Cessnock Minor League
Vintage Junior Golf Tournament
Cessnock City Council - Seniors Week
Community Raffle
ANZAC Day - Book Donation
Westpac Rescue Helicopter
Cessnock Amateur Swimming Club
Australian Postie Bike Grand Prix
Ingenia Retirement Village
Biggest Morning Tea Donation
Cessnock Master Swimming
Abermain Eisteddfod Society
Paxton Men’s Bowling Club

Rural Fire Service Fund

Central Rural Fire Brigade
Quorrobolong Rural Fire Brigade
Mulbring Rural Fire Brigade
Greta Rural Fire Brigade

Cessnock Hospitality Group Limited
ABN 25 001 559 548

Financial Report

30 June 2023

Cessnock Hospitality Group Limited
Financial Report – 30 June 2023

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Directors' Report

Your directors present their report on Cessnock Hospitality Group Limited for the year ended 30 June 2023.

Directors

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

B Wilson OAM
J Marjoribanks
S Edwards
G Barry
R Murray
G Gorton
K Nickerson
G Walker
L King (Appointed on 13 November 2022)
S Buchanan (Resigned on 13 November 2022)

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

Principal activities

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

The Club's short-term objectives are to:

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

The Club's long-term objectives are to:

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

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

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

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

Review of operations

	2023	2022
	$	$
Net profit/(loss)	**2,382,985**	893,750

Directors' Report
(continued)

Information on Directors

Director	*Experience*	*Special Responsibilities*	*Expertise*
B Wilson OAM	Director for 15 years	President	Retired Newspaper Manager
J Marjoribanks	Director for 25 years	Vice President	Retired Mine Worker
S Edwards	Director for 15 years	Vice President	Mining Technician
G Barry	Director for 16 years	Treasurer	Retired School Teacher
R Murray	Director for 11 years	Director	Retired Workshop Supervisor
G Gorton	Director for 20 years	Director	Community Representative Maitland Local Health Committee
K Nickerson	Director for 7 years	Director	Aged Care Service Employee
G Walker	Director for 5 years	Director	Retired Bank Manager
L King	Director for 1 year	Director	Small Business Owner

Meetings of Directors

The number of meetings of the Club's directors held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Normal meetings		**Special meetings**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
B Wilson OAM	12	11	2	2
J Marjoribanks	12	12	2	2
S Edwards	12	11	2	2
G Barry	12	5	2	1
R Murray	12	10	2	2
G Gorton	12	9	2	2
K Nickerson	12	8	2	2
G Walker	12	11	2	2
L King	8	5	2	2
S Buchanan	4	3	-	-

Members' Guarantee

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the Club. At 30 June 2023, the total amount that members of the Club are liable to contribute if the Club is wound up is $330,760 (2022: $279,620).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and included on page 26.

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

B Wilson OAM
President

G Walker
Acting Treasurer

Cessnock
26 September 2023

Club Property Declarations

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 30 June 2023, the classifications of the property held are as follows.

Core Property:

Property Address	Current Usage
1 Darwin Street, Cessnock NSW 2325	Clubhouse and licenced premises for Cessnock Leagues Club
1A Darwin Street, Cessnock NSW 2325	Members' and guests' car park
3-7 Darwin Street, Cessnock NSW 2325	Motel
Lot 11 in Section M of Deposited Plan 9252, Cessnock NSW 2325	Motel car park
Lot 1 in Deposited Pan 834726, Paxton 2325	Clubhouse, Bowling Green & Surrounding Land
	For Paxton Bowling Club

Non-core Property:

Property Address	Current Usage
Lot 9 and 10 in Section M of Deposited Plan 9252, Cessnock NSW 2325	Landscaped area behind Motel
181 Wollombi Road, Cessnock NSW 2325	Commercial Property
183 Wollombi Road, Cessnock NSW 2325	Commercial Property
185 Wollombi Road, Cessnock NSW 2325	Commercial Property
187 Wollombi Road, Cessnock NSW 2325	Commercial Property
189 Wollombi Road, Cessnock NSW 2325	Commercial Property
Lot 47 in Deposited Plan 12136, Paxton 2325	Vacant Land
Lot 64 in Deposited Plan 12136, Paxton 2325	Vacant Land
Lot 1 in Deposited Plan 834726, Paxton 2325	Tennis Courts & Surrounding Land
Lot 19 in Deposited Plan 12136, Paxton 2325	Residential Property

Notes to Members

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

Cessnock Hospitality Group Limited

Income Statement

For the year ended 30 June 2023

	Notes	**2023** **$**	2022 $
Revenue from continuing operations	3	**17,635,235**	12,880,436
Expenses from continuing operations			
Cost of goods sold	4	**2,540,897**	1,768,256
Employee benefits expense		**5,240,002**	4,031,387
Depreciation and amortisation expenses	4	**1,866,998**	1,870,855
Borrowing cost expense	4	**28,517**	102,781
Other expenses from continuing operations		**5,540,134**	4,181,083
		15,216,548	11,954,362
Profit/(loss) from continuing operations before income tax expense		**2,418,687**	926,074
Income tax expense/(revenue)	5	**35,702**	32,324
Net profit/(loss)		**2,382,985**	893,750
Total changes in equity		**2,382,985**	893,750

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

Cessnock Hospitality Group Limited

Balance Sheet

As at 30 June 2023

	Notes	**2023 $**	2022 $
Current assets			
Cash and cash equivalents	6,22	**3,110,698**	2,040,375
Receivables	7,22	**392,788**	401,729
Inventories	8	**147,930**	131,397
Other	9	**21,374**	228,178
Total current assets		**3,672,790**	2,801,679
Non-current assets			
Property, plant and equipment	10	**21,386,300**	21,835,867
Deferred tax assets	11	**450,303**	592,764
Intangibles	12	**436,639**	436,639
Total non-current assets		**22,273,242**	22,865,270
Total assets		**25,946,032**	25,666,949
Current liabilities			
Payables	13,22	**1,191,029**	1,349,014
Interest bearing liabilities	14,22	**162,262**	1,159,297
Provisions	15	**470,096**	457,970
Other	16	**126,856**	191,010
Total current liabilities		**1,950,243**	3,157,291
Non-current liabilities			
Interest bearing liabilities	17,22	**251,438**	1,063,070
Provisions	18	**60,113**	43,458
Deferred tax liabilities	19	**182,416**	289,175
Other	20	**29,280**	24,398
Total non-current liabilities		**523,247**	1,420,101
Total liabilities		**2,473,490**	4,577,392
Net assets		**23,472,542**	21,089,557
Equity			
Retained profits	21	**23,472,542**	21,089,557
Total equity		**23,472,542**	21,089,557

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

Cash Flow Statement

For the year ended 30 June 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**19,388,272**	14,016,044
Payments to suppliers and employees (inclusive of goods and services tax)		**(15,092,653)**	(11,205,199)
		4,295,619	2,810,845
Interest received		**14,192**	-
Borrowing costs		**(28,910)**	(105,675)
Net cash inflow (outflow) from operating activities	24	**4,280,901**	2,705,170
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,436,911)**	(1,674,975)
Payments for investment loan – Clubs 4 Fun		**35,000**	-
Net cash inflow (outflow) from investing activities		**(1,401,911)**	(1,674,975)
Cash flows from financing activities			
Repayment of borrowings		**(1,708,755)**	(1,996,925)
Repayment of lease liabilities		**(99,912)**	(357,525)
Net cash inflow (outflow) from financing activities		**(1,808,667)**	(2,354,450)
Net increase (decrease) in cash held		**1,070,323**	(1,324,255)
Cash at the beginning of the financial year		**2,040,375**	3,364,630
Cash at the end of the financial year	6	**3,110,698**	2,040,375

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

Statement of Changes in Equity

For the year ended 30 June 2023

	Notes	2023 $	2022 $
Total equity at the beginning of the financial year	21	**21,089,557**	20,195,807
Total recognised income and expense for the year		**2,382,985**	893,750
Total equity at the end of the financial year	21	**23,472,542**	21,089,557

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

Notes to the Financial Statements

30 June 2023

Note 1. Summary of significant accounting policies

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

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

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

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

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

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

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

The financial statements were authorised for issue on 28 September 2023 by the directors of the company.

Accounting Policies

(a) Income tax

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

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

Note 1. Summary of significant accounting policies (continued)

(b) Inventories

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

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

(c) Property, plant and equipment

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

Freehold Property

Freehold land and buildings are measured on the cost basis. The carrying amount of freehold land and buildings is reviewed to ensure it is not in excess of the recoverable amount based on valuations by external independent valuers, less subsequent depreciation for buildings.

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

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and equipment

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

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

Depreciation

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

The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	1-20 years

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

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

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised on a straight-line basis over the term of the lease.

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

Note 1. Summary of significant accounting policies (continued)

(d) Leases (continued)

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

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

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

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

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

Note 1. Summary of significant accounting policies (continued)

(e) Financial Instruments (continued)

(iv) Available-for-sale financial assets

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

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

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

(v) Financial Liabilities

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

Impairment

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

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

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

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

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

Derecognition

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

(g) Revenue and other income

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

Revenue is recognised for the major business activities as follows:

(i) Poker Machines

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

(ii) Other

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

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

Note 1. Summary of significant accounting policies (continued)

(h) Intangibles

Poker machine Entitlements

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

(i) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's balance sheet.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) Trade and other payables

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

(m) Borrowing costs

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

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

Notes to the Financial Statements

30 June 2023 (continued)

Note 1. Summary of significant accounting policies (continued)

(n) Goods and Service Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

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

(o) Comparative figures

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

(p) Critical Accounting Estimates and Judgments

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

Key estimates

Impairment

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

At 30 June 2023, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers during the 2006 year and do not believe there has been a significant change in the assumptions at 30 June 2023. The directors therefore believe the carrying value of the land correctly reflects the fair market value at 30 June 2023.

(q) Fair Value of Assets and Liabilities

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

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

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

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

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

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

Notes to the Financial Statements
30 June 2023 (continued)

Note 2. Segment information

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

Note 3. Revenue

	2023 $	2022 $
Revenue from operations		
Sale of goods – Leagues	**3,515,033**	2,480,444
Services – Leagues	**8,564,345**	6,413,519
Sale of goods – Paxton	**461,681**	224,303
Services – Paxton	**218,911**	134,228
Sale of goods – Vincent Street	**1,909,093**	1,305,345
Services – Vincent Street	**872,933**	651,098
Services – Motel	**1,732,163**	1,050,479
	17,274,159	12,259,416
Other Revenue		
Interest	**14,192**	-
Government Assistance	**10,627**	23,844
Government Training Subsidies	**171,673**	153,460
JobSaver payments	**-**	306,988
Profit on Sale of Assets	**15,520**	-
Rent – Commercial properties	**148,532**	136,728
Rent – Residential properties	**532**	-
	361,076	621,020
Revenue from continuing operations	**17,635,235**	12,880,436

Note 4. Profit/(loss) from continuing operations

	2023 $	2022 $
Net gains and expenses		
Profit/(loss) from continuing operations before income tax expense includes the following specific net gains and expenses:		
Expenses		
Cost of sales of goods:		
Bar – Leagues	**576,264**	446,721
Catering – Leagues	**832,634**	602,725
Function Centre – Leagues	**103,199**	62,746
Bar – Paxton	**128,400**	68,772
Catering – Paxton	**89,459**	31,072
Bar – Vincent Street	**362,045**	255,597
Catering – Vincent Street	**430,054**	290,849
Motel	**18,842**	9,774
	2,540,897	1,768,256
Depreciation and amortisation expense:		
Buildings	**540,860**	535,772
Plant and equipment	**1,179,130**	1,187,923
Right-of-use asset – Vincent Street	**130,461**	130,461
Right-of-use asset – Photocopier	**16,547**	16,699
Total depreciation and amortisation expense	**1,866,998**	1,870,855

Notes to the Financial Statements
30 June 2023 (continued)

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

	2023 $	2022 $
Borrowing costs:		
Bank charges and interest – Motel	**4,705**	4,733
Bank charges and interest – Leagues	**6,926**	46,771
Bank charges and interest – Vincent Street	**(717)**	22,050
Interest – Investment Property	**1,542**	9,597
Interest – Vincent Street Lease	**14,165**	18,626
Interest – Photocopier Lease	**1,896**	1,004
Interest and finance charges paid/payable	**28,517**	102,781
Net (profit)/loss on disposal of property, plant and equipment	**(15,520)**	(26,817)
Lease and interest expense relating to operating leases	**6,128**	7,977
Employee entitlements	**358,198**	327,693

Note 5. Income tax

	2023 $	2022 $
(a) Income tax expense		
Current income tax (revenue) expense	**-**	-
Deferred income tax (revenue) expense	**35,702**	32,324
	35,702	32,324
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 11)	**142,461**	(92,117)
(Decrease) increase in deferred tax liabilities (note 19)	**(106,759)**	124,441
	35,702	32,324
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Pre-tax profit	**2,418,687**	926,074
Tax at Australian tax rate of 25.00% (2022 – 25.00%)	**604,672**	231,519
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Non-Deductible Items	**562,762**	488,794
Other Assessable Income		-
Tax Depreciation and capital works	**(499,520)**	(846,142)
Non-Assessable Income	**-**	(82,708)
Other Deductible Expenses	**(46,688)**	(80,918)
Effect of Mutuality	**(481,498)**	182,308
Tax losses accumulated (used)	**(139,728)**	107,147
Total income tax expense (revenue)	**-**	-

Note 6. Current assets – Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	**3,110,698**	2,040,375
	3,110,698	2,040,375

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

	2023 $	2022 $
Balances as above	**3,110,698**	2,040,375
Less: Bank overdrafts	**-**	-
Balances per cash flow statement	**3,110,698**	2,040,375

Notes to the Financial Statements
30 June 2023 (continued)

Note 7. Current assets – Receivables

	2023 $	2022 $
Trade debtors	**99,940**	148,479
Other debtors	**142,848**	103,250
Investment Loan - Clubs4Fun	**150,000**	150,000
	392,788	401,729

Note 8. Current assets – Inventories

	2023 $	2022 $
Retail stock – at cost	**147,930**	131,397

Note 9. Current assets – Other

	2023 $	2022 $
Prepayments	**21,374**	228,178

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

	2023 $	2022 $
Land and buildings		
Freehold land at cost	**3,916,338**	3,560,338
Buildings at cost	**21,688,200**	21,521,675
Less: Accumulated depreciation	**(8,200,946)**	(7,660,086)
	13,487,254	13,861,589
Total land and buildings	**17,403,592**	17,421,927
Plant and equipment		
At cost	**13,328,518**	12,878,213
Less: Accumulated depreciation	**(9,712,700)**	(8,921,669)
Total plant and equipment	**3,615,818**	3,956,544
Right-of-use Assets		
Vincent Street Property	**913,227**	913,227
Less: Accumulated amortisation	**(619,690)**	(489,229)
	293,537	423,998
Photocopier	**82,942**	83,496
Less: Accumulated amortisation	**(9,589)**	(50,098)
	73,353	33,398
Total right-of-use assets	**366,890**	457,396
Total Property, plant and equipment	**21,386,300**	21,835,867

Notes to the Financial Statements

30 June 2023 (continued)

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

Reconciliations

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

	Freehold land $	Buildings $	Plant and equipment $	Right-of-use Asset $	Total $
Carrying amount at 1 July 2022	3,560,338	13,861,589	3,956,544	457,396	21,835,867
Additions	356,000	166,525	869,183	82,942	1,474,650
Disposals	-	-	(30,779)	(26,440)	(57,219)
Depreciation/amortisation expense	-	(540,860)	(1,179,130)	(147,008)	(1,866,998)
Carrying amount at 30 June 2023	3,916,338	13,487,254	3,615,818	366,890	21,386,300

Note 11. Non-current assets – Deferred tax assets

	2023 $	2022 $
The balance comprises temporary differences attributable to:		
Employee benefits	**24,050**	25,909
Payables	**14,857**	13,828
Tax losses	**411,396**	553,027
Net deferred tax asset	**450,303**	592,764
Less: deferred tax assets at 30 June 2022	**592,764**	500,647
Decrease (increase) in deferred tax included in income tax expense (note 5)	**142,461**	(92,117)

Note 12. Non-current assets – Intangibles

	2023 $	2022 $
Poker machine entitlements	**436,639**	436,639

Note 13. Current liabilities – Payables

	2023 $	2022 $
Trade creditors and payables	**307,399**	523,615
Net GST liability	**289,667**	287,445
PAYG withheld	**76,387**	62,317
Accrued expenses	**286,338**	265,491
Poker Machine duty payable	**118,543**	126,284
Other creditors	**112,695**	83,862
	1,191,029	1,349,014

Note 14. Current liabilities – Interest bearing liabilities

	2023 $	2022 $
Secured		
Bank bills	**-**	1,000,000
Credit Cards	**1,677**	3,074
Vincent Street Lease	**145,038**	139,052
Photocopier Lease	**15,547**	17,171
	162,262	1,159,297

Notes to the Financial Statements
30 June 2023 (continued)

Note 15. Current liabilities – Provisions

	2023 $	2022 $
Bonus points	**178,478**	151,543
Employee entitlements	**291,618**	306,427
	470,096	457,970

Note 16. Current Liabilities – Other

	2023 $	2022 $
Income in advance	**126,856**	191,010

Note 17. Non-current liabilities – Interest bearing liabilities

	2023 $	2022 $
Secured		
Bank bills	**-**	707,358
Vincent Street Lease	**193,106**	338,144
Photocopier Lease	**58,332**	17,568
	251,438	1,063,070
Secured liabilities		
Total secured liabilities (current and non-current) are:		
Bank bills	**-**	1,707,358
Credit Cards	**1,677**	3,074
Lease liabilities	**412,023**	511,935
	413,700	2,222,367

The bank bills are secured by a registered first and second equitable mortgage and floating charge over all assets and undertakings of the entity. Lease liabilities were secured against the assets under lease.

Assets pledged as security
The carrying amounts of non-current assets pledged as security are:

	2023 $	2022 $
First mortgage		
Freehold land and buildings (note 10)	**17,403,592**	17,421,927
Floating charge		
Plant and equipment (note 10)	**3,615,818**	3,956,544
Right-of-use assets	**366,890**	457,396
Total property, plant and equipment pledged as security	**21,386,300**	21,835,867
Poker machine entitlements (note 12)	**436,639**	436,639
Total non-current assets pledged as security	**21,822,939**	22,272,506
The following current assets are also pledged as security under the floating charge:		
Cash and cash equivalents (note 6)	**3,110,698**	2,040,375
Receivables (note 7)	**392,788**	401,729
Inventories (note 8)	**147,930**	131,397
Other current assets (note 9)	**21,374**	228,178
Total current assets pledged as security	**3,672,790**	2,801,679
Total assets pledged as security	**25,495,729**	25,074,185

Note 17. Non-current liabilities – Interest bearing liabilities (continued)

Financing arrangements

	2023 $	2022 $
Unrestricted access was available at balance date to the following lines of credit:		
Bank bills facilities		
Total facilities	-	2,707,358
Less: Used at balance date	-	(1,707,358)
Unused at balance date	-	1,000,000

The bank bills weighted interest rate average is nil at year end (2022: 2.46%).

Note 18. Non-current liabilities – Provisions

	2023 $	2022 $
Employee entitlements	**60,113**	43,458

Note 19. Non-current liabilities – Deferred tax liabilities

	2023 $	2022 $
The balance comprises of temporary differences attributable to:		
Depreciation	**179,185**	276,963
Prepayments	**3,231**	12,212
Net deferred tax liabilities	**182,416**	289,175
Less: deferred tax liabilities at 30 June 2022	**289,175**	164,734
Increase (decrease) in deferred tax liabilities included in income tax expense (note 5)	**(106,759)**	124,441

Note 20. Non-current Liabilities – Other

	2023 $	2022 $
Income in advance	**29,280**	24,398

Note 21. Reserves and retained profits

	2023 $	2022 $
Retained profits		
Retained profits at the beginning of the financial year	**21,089,557**	20,195,807
Net profit/(loss)	**2,382,985**	893,750
Retained profits at the end of the financial year	**23,472,542**	21,089,557

Note 22. Financial instruments

(a) Interest rate risk exposures

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

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

Note 22. Financial instruments (continued)

2023

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

2022

	Notes	Floating interest rate $	Fixed interest maturing in: 1 year or less $	Over 1 to 5 years $	More than 5 years $	Non-Interest Bearing $	Total $
Financial assets							
Cash and deposits	6	15,010	-	-	-	2,025,365	2,040,375
Receivables	7	-	-	-	-	401,729	401,729
		15,010	-	-	-	2,427,094	2,442,104
Weighted average interest rate		0.32%					
Financial liabilities							
Trade and other creditors	13	-	-	-	-	1,349,014	1,349,014
Bank bills	14,17	1,707,358	-	-	-	-	1,707,358
Credit Cards	14	3,074	-	-	-	-	3,074
Lease Liabilities	14,17	-	156,223	355,712	-	-	511,935
		1,710,432	156,223	355,712	-	1,349,014	3,571,381
Weighted average interest rate		2.46%	3.29%	3.36%			
Net financial assets (liabilities)		(1,695,422)	(156,223)	(355,712)	-	1,078,080	(1,129,277)

(b) Net fair value of financial assets and liabilities

On-balance sheet

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

Note 23. Remuneration of directors

	2023 $	2022 $
Income paid or payable, or otherwise made available to directors in connection with the management of affairs of the Company	**27,208**	23,500

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

$		$	2023	2022
0	-	10,000	**10**	9

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

	2023 $	2022 $
Operating profit/(loss) after income tax	**2,382,985**	893,750
Depreciation and amortisation	**1,866,998**	1,870,855
Profit/(loss) on disposal of property, plant and equipment	**(15,520)**	(26,817)
Change in operating assets and liabilities:		
(Increase) decrease in trade debtors	**8,941**	(112,434)
(Increase) decrease in inventories	**(16,533)**	(8,504)
(Increase) decrease in prepayments	**206,804**	(169,026)
(Increase) decrease in deferred tax assets	**142,461**	(92,117)
Increase (decrease) in trade creditors	**(157,985)**	89,205
Increase (decrease) in other operating liabilities	**(59,272)**	67,669
Increase (decrease) in provisions	**28,781**	68,148
Increase (decrease) in deferred tax liabilities	**(106,759)**	124,441
Net cash inflow (outflow) from operating activities	**4,280,901**	2,705,170

Note 25. AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

The club has adopted AASB 16 Leases as required under Australian Accounting Standards. The first-time adoption of the policy necessitates that retrospective change is applied in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Property and equipment leases previously recognised off-balance sheet will be accounted for as a right-of-use (ROU) asset and corresponding lease liability. The retrospective effects on the 2022 financial year due to the implementation of AASB 16 Leases are summarised below:

	Balance at 30 June 2022 $	**Effect of Change** $	**Restated Balance at 30 June 2022** $
Income Statement			
Amortisation	-	147,160	147,160
Interest expense	86,042	19,630	105,672
Lease/Rental expenses	25,764	(17,787)	7,977
Vincent Street Rent	133,358	(133,358)	-
Net Profit/(Loss)	909,395	(15,645)	893,750
Balance Sheet			
Right-of-use Asset – Vincent Street	-	913,227	913,227
Accumulated Amortisation	-	(489,229)	(489,229)
Right-of-use Asset – Photocopier	-	83,496	83,496
Accumulated Amortisation	-	(50,098)	(50,098)
Vincent Street Lease – Current	-	139,052	139,052
Vincent Street Lease – Non current	-	338,144	338,144
Photocopier Lease – Current	-	17,171	17,171
Photocopier Lease – Non current	-	17,568	17,568
Opening Retained Earnings	20,234,701	(38,894)	20,195,807
Closing Retained Earnings	21,144,096	(54,539)	21,089,557

Note 26. Impact of COVID-19

Covid-19 and ensuing Government regulations have significantly influenced the Club's operations during the previous financial year. The Club was forced to close on 5 August 2021 due to a new COVID outbreak and reopened on 15 October 2021. The closure has had no direct impact on the current year results.

Directors' Declaration

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

1. The financial statements and notes, as set out on pages 4 to 22, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards – Simplified Disclosures; and
   (b) give a true and fair view of the financial position of the Company as at 30 June 2023 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

B Wilson OAM
President

G Walker
Acting Treasurer

Cessnock
26 September 2023

Independent Audit Report to the Members

of Cessnock Hospitality Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Cessnock Hospitality Group Limited (the Company) as set out pages 4 to 23, which comprises the balance sheet as at 30 June 2023, the income statement, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cessnock Hospitality Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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MCEWAN AND PARTNERS PTY LIMITED ABN 59 097 329 274

Independent Audit Report to the Members

of Cessnock Hospitality Group Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BE McEwan CA
Registered Company Auditor
Newcastle
26 September 2023

McEwan and Partners Pty Limited
Chartered Accountants

Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cessnock Hospitality Group Limited for the year ended 30 June 2023.

BE McEwan CA
Registered Company Auditor
Newcastle
26 September 2023

McEwan and Partners Pty Limited
Chartered Accountants

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

The additional financial data on page 28 is in accordance with the books and records of Cessnock Hospitality Group Limited which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2023.

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

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

BE McEwan CA
Registered Company Auditor
Newcastle
26 September 2023

McEwan and Partners Pty Limited
Chartered Accountants

Operating Statement

30 June 2023

	2023 $	2022 $
Group Trading		
Cessnock Leagues Club		
Bar trading	**419,932**	263,957
Gaming trading	**5,366,539**	3,941,055
Catering trading	**12,942**	(65,173)
Bingo trading	**(15,964)**	(14,155)
Entertainment trading	**(92,368)**	(62,199)
Functions trading	**112,321**	40,323
Raffle trading	**(2,676)**	(19,498)
	5,800,726	4,084,310
Paxton Bowling Club		
Bar trading	**76,770**	29,602
Gaming trading	**132,721**	53,833
Catering trading	**(16,392)**	(9,750)
Raffle trading	**(11,023)**	(9,156)
Men's Bowling Club	**1,011**	1,033
Women's Bowling Club	**1,137**	643
	184,224	66,205
Vincent Street		
Bar trading	**218,383**	83,214
Gaming trading	**545,401**	373,892
Catering trading	**(21,587)**	(24,209)
	742,197	432,897
Property Investments	**87,030**	81,651
Wine Country Motel	**503,912**	169,066
Profit from Group Trading	**7,318,089**	4,834,129
Other Income		
ATM commission	**123,213**	90,787
Government Support payments	**10,627**	330,832
Interest received	**14,192**	-
Members subscriptions	**51,857**	32,318
Rent – parts of Club	**23,011**	16,026
Sundry income	**18,989**	1,319
Vending commission	**5,211**	2,991
Wage Subsidy	**171,673**	153,459
Total Other Income	**418,773**	627,732
	7,736,862	5,461,861
Expenses		
Community Support	**296,184**	278,518
Administration and other expenses	**5,021,991**	4,257,269
Income tax expense/(revenue)	**35,702**	32,324
Total Expenses	**5,350,247**	4,568,111
Net trading profit	**2,382,985**	893,750

The above operating statement has not been subject to audit. Refer to the disclaimer of opinion on additional financial data on page 27.