TWIN TOWNS SERVICES CLUB LIMITED

ANNUAL REPORT 2019

Contents

Board of Management Report

A difficult and challenging year in 2018 resulted in a revenue downturn few would have predicted. Not only did it affect Twin Towns Services Club in its severity but the industry generally across NSW.

Strategies put in place by a proactive Board and Management team were extensive, some may say "extreme", but good results came to fruition during the second half of 2019. The last quarter, in particular, saw a solid turnaround in revenue.

Suffice to say economic challenges still exist with ramifications from the massive drought and bushfire devastation ongoing. Sound strategies, hard work and a diligent and dedicated team environment are an essential platform to regain that cashflow of old.

The combination of international tensions causing uncertainty and volatility, everyday cost of living increases, slow wage growth, low interest rates, drought, bushfires, political uncertainty and fear of the unknown, determine the degree of business and consumer confidence within communities. This ultimately determines consumer spending patterns for retail, hospitality and day-to-day living standards.

Twin Towns Clubs and Resorts continues to evolve by providing first class facilities that are improving constantly, backed up by great service with passionate staff, world class entertainment and quality catering, all at reasonable prices. Club Banora provides members and community sporting facilities second to none, attracting bowlers, golfers, tennis players and a plethora of swimmers to Oasis Pools complex, an essential inclusion of our member facilities.

Our not-for-profit community club is continually striving to do better to attract local members, along with interstate and international visitors, for the future sustainability of this great Club.

On behalf of the Board of Directors of Twin Towns Services Club, I take pride in presenting this financial and principal activities report for the company for the year ending 31 December 2019.

Concentrating on the eight ASX principals of good governance and best practice guidelines is imperative for balanced, diligent board decisions. Focusing on accountability and transparency when representing members interests as part of the not-for-profit community club philosophy are also essential.

The Board, as custodians of members' assets, have a strategic plan that covers short and long-term objectives. This plan is focussed on members' expectations and uses a methodology that encompasses guidelines to assist with corporate social responsibility, performance measurement and return on investment.

Ongoing professional development training for Directors continues at a local level to ensure compliance with the ever-changing regulatory environment for an over-taxed, over-regulated industry. Directors also require their own corporate mandatory training compliance for individual professions. ClubsNSW Club Directors Institute is an integral platform of information, as are two important annual industry conferences held in Sydney and Brisbane organised by ClubsNSW and attended by Twin Town's Directors.

The digital revolution grows exponentially with no signs of these evolutionary benefits slowing down. Performance measurement with integrated data technology combining point of sale systems (POS), gaming technology and booking systems, managed by our operations team, all require robust decision making. Being in a position to immediately rectify changes in business activity to minimise business risk

Board of Management Report (cont.)

and ultimately grow the business is essential in today's environment. To have achieved effectively the same profit in 2019 on significantly less turnover is an indication of the measures put in place, with any improvements in gaming performance continuing to drive the bottom line.

The divestment of catering operations at First on Wharf Tavern, Flame Bistro and I should include Club Banora and Twin Towns Juniors, has had a huge benefit to bottom line profitability. Staff reduction through natural attrition has been well managed by operations, with regulars displaying their true work ethic and professionalism.

Twin Towns continues to successfully operate Flame Café and Pizzeria, Harbour Fresh, Gusti d'Italia, Bliss, resort breakfasts, conference catering and functions in the Club's function rooms. Our contract caterers have earned a reputation for providing great meals at most affordable prices at all three Club venues.

Our core business of gaming, which at one stage suffered a significant revenue downturn of around 12%, has recovered somewhat with patrons continuing to enjoy this social activity while meeting friends and, of course, taking personal responsibility for their conduct of play seriously.

Overall membership in 2019 received a solid boost, with member numbers growing from 41,102 in 2018 to 46,752 by the end of 2019. Company assets were recorded at $178M (2018 - $176M) with group turnover $65M (2018 - $71M) and total net profit before tax $312K (2018 - $242K). Cash profit was recorded at $8.54M (2018 - $8.32M) generated by adding net profit before tax to depreciation of $8.22M (2018 - $8.08M). (On balance, generating a surplus is dependent on members' expectations and the Clubs' revenue and subsequent ability to provide for members.)

Our strategy of diversification continues, especially with interest rates at .75% pa. The Mackay Motel properties, Galaxy and Shakespeare, continue to grow, as are visitations from Twin Towns members. Mantra Twin Towns continues the refurbishment program floor-by-floor to support our Events Conferencing and Seminar Portfolio, as well as members and visitors entertainment generally. The resort returns a profitable, diversified revenue stream that continues to grow with the recent refurbishment. The Mantra Twin Towns reception refurbishment is impressive. The refurbishment of Level 5 hotel rooms is now completed, with refurbishments to Level 4 scheduled for mid-year and Level 3 to follow later in 2020.

Entertainment represents a major part of Twin Towns member and community attraction and while continuing growth is well managed, extended cost efficiencies make this program an essential driver of the overall business model.

The Land Banking strategy saw two blocks of land in Recreation Street leased to an award-winning childcare provider for 10 years, which is anticipated to return a strong, diversified revenue stream for Twin Towns. As a community Club, we anticipate members and community will support these projects.

Reducing the massive hidden costs of running the Clubs is paramount. Environmentally sustainable alternatives or improvements are always an important consideration when ageing equipment is close to reaching its use-by date.

Directors and Management research the most cost-efficient equipment with an economic return on investment that is sustainable and socially acceptable to improve members' facilities in an era of profound change. These improvements and efficiencies cover electricity usage, solar power, air-conditioning and lighting upgrades, refrigeration monitoring, improved member technology, water and waste utilisation, furnishings, and the list goes on.

At the 2009 Annual General Meeting, members supported a strategic plan to develop a totally new footprint for Club Banora. This resulted in over $600K being spent on a Development Application to achieve the necessary zoning to allow a further Development Application for a commercial precinct intended to ultimately provide a diversified revenue stream to protect the long term viability of this world class member and community sporting facility. The final draft will be presented to Tweed Shire Council early in 2020 for consideration and approval.

At the Extraordinary General Meeting on 12 December 2019, over 80% of 151 members supported a Board recommendation that three hectares of land referred to as the practice fairway be declared "Non-Core"

Board of Management Report (cont.)

as required under part 41E of the Registered Clubs Act. This decision from members to accept the Board recommendation allows Directors to make commercial decisions in the best interests of members for the commercial utilisation of land deemed superfluous to the Club's needs.

The company takes a proactive approach to risk management through a compliance program to protect our 306 employees, 46,752 members and our visitors and stakeholders when attending the Club.

We have professional and committed staff whose loyalty and dedication is recognised by their industry peers, with many having worked for Twin Towns for an unprecedented 10 to 40 years - a record that speaks for itself. Directors, Management and staff undertake regular training to support and protect members and visitors alike throughout the Club's facilities.

Twin Town's staff awards recognise professional service provided to members and visitors. They are held monthly and the annual awards, to convey appreciation for a job well done, is a special event.

Marty Thompson was a marvellous inclusion to our team. Representing the Salvation Army Chaplaincy program, Marty provided terrific social work and welfare support to members. He has now been recognised for his outstanding professionalism by the Salvation Army and promoted accordingly. We were fortunate to have benefitted from his services for several years.

The Coolangatta & Tweed Heads RSL Sub-Branch remains dedicated to supporting the welfare of ex-service personnel and the community, committing to ANZAC Day events, Armistice Day commemorative services, special visiting ex-service reunions, with particular emphasis on member RSL funeral services. They tend to be a silent community service but carry out their work meticulously and professionally.

Joe Russell and his hard-working committee occupy Coolangatta & Tweed Heads RSL Sub-Branch offices and meeting rooms on Level 2 under Mantra Twin Towns. Twin Towns recognises their invaluable contribution and dedication to welfare work with financial support valued at $150K in 2019.

Fulfilling the responsibilities of a not-for-profit community club, Twin Towns ClubGRANTS support junior sport and charitable organisations and despite a gaming revenue downturn, donated $944K in 2019 to our community. An extra $100K was donated to the Bushfire Emergency and Drought Relief, commencing with $20K from the cancelled annual New Year's Eve fireworks display, with an extra $80K added to assist emergency services responding to these tragic events.

Twin Towns Services Community Foundation, as a separate entity, continues to provide annual grants to benefit members including $325K to medical research organisations and special emerging charitable requests during the year. Additional emergency funding of $145K was donated for the massive drought affecting this nation, Townsville floods and the devastating bushfires initially affecting the Northern Rivers, South East Queensland and New England tablelands but expanding exponentially across the country. The economic ramifications of these devastating catastrophes are yet to be measured.

Twin Towns is privileged to have a multitude of Internal Club Committee Members who volunteer their valuable time to support participating sporting and social club members by organising their various activities, building membership for the benefit of Twin Towns. They not only organise activities but they create social friendships unique to this industry. Twin Towns commitment in support for members and community facilities as part of our community club philosophy including the world class sporting offers at Club Banora amounted to $606K being spent in 2019. Directors certainly recognise the massive efforts our Internal Club committees contribute to make a difference.

CEO Mr Rob Smith leads a highly qualified, diligent and committed management team, with executive managers Rod Pain and Kim Collins exemplary leaders, well recognised by their peers in the club industry. Rob Smith, a dedicated CEO and lateral thinker, serves the industry on the ClubsNSW Gaming Advisory Board in recognition of his knowledge and professionalism, continually empowering our team to contribute fresh ideas to benefit members and community. Our highly qualified Management team, well supported by great staff, has led us through several of the most challenging years perhaps ever experienced at Twin Towns.

Board of Management Report (cont.)

The success of Twin Towns over the past 60 years originated through the benefits of the core business of gaming, however, the evolution of digital technology has created a multitude of avenues to occupy the interests of the new generations.

Clubs, especially Twin Towns, consider diversification options an essential pathway for their long-term future. In considering these options, the Board recognises their social responsibilities, club values and member and community expectations. The Board continues to consider the benefits of expansion with improvements to member facilities, amalgamation to grow the business and enhance other communities, all options to be considered within our strategic plan.

Directors have a positive view for the long-term success of Twin Towns Clubs and Resorts and with good governance responsibilities, transparency and accountability will endeavour to achieve member community and stakeholder support for our future short and long-term goals.

Thank you for your continued support.

Michael Fraser

CEO's Report 2019

I present the Chief Executive Officer's report for the financial and calendar year 2019 with the headline results being a turnover of $65.5M, a combined operating profit of $312K and a cash profit of $8.5M for the group.

The contributions from each entity were:

	Operating Profit/Loss	Cash Profit
Twin Towns	-$2,462,107	$3,760,122
Club Banora	$1,078,647	$2,162,272
Juniors	$681,781	$1,091,959
Resort	$982,904	$1,441,133
Mackay	$31,364	$84,978
Group	$312,589	$8,540,464

Cash profit is also known as EBITDA, earnings before interest, tax, depreciation and amortisation. It represents in our case, with substantial liquidity and nil debt, the funds available to reinvest in the business. The Club's cash business remains strong.

The year was very challenging with a continued decline in gaming revenue, the move to outsourcing a significant portion of our catering operations and ongoing demand for asset renewal and maintenance. In that context, the result is professionally pleasing as it was achieved without materially impacting on member services.

Group turnover was down $5.58M, driven by a drop of $3.1M in gaming revenue at Wharf Street. Gaming was even at Banora and up $170K at Juniors. In addition, outsourced catering reduced Flame revenue by $3.4M with this amount completely offset in reduced costs of operations. Mackay operations added $1.18M in turnover.

Banora, Juniors and the Resort all traded well and in line with 2018. They are testament to the smaller models of operation being more resilient in times of change. The resort was impacted by the refurbishment of the fifth level of hotel rooms which reduced our room stock during the months this work occurred. This was offset by a commercial settlement with Mantra in December resulting from accounting for breakfast catering at the property to achieve the final result.

It is not lost on us that we are a reflection of our community and the environment in which we all live. Pressures from costs of living, static or reduced income and changing sentiment around value and services flow directly through to the Club and this has been evident throughout 2019. The same impacts have been experienced state wide in clubs but without doubt, the Tweed has been one of

CEO's Report 2019 (cont.)

the hardest hit. The Tweed, and visitors to us, are not economically diverse and we think this has concentrated the results seen elsewhere.

I commented in last year's report that the traditional club model is under pressure and this is evidenced by a continuation of the trends in gaming income. Gaming is the means of the Club being able to provide services and facilities at the level to which members are accustomed and reductions in this revenue stream force us to adapt. As we look for ways to diversify and change to match these trends the Club will continue to evolve in terms of our offers and services, but will of course be anchored in the traditional hospitality that clubs are known for.

Looking forward, the trends indicate a continuation of the current trading conditions. As I write this report, as a nation we've experienced natural disasters in the form of drought, fires and flooding. Indeed in the last month, the world is coming to grips with the coronavirus. These events continue to damage capacity and sentiment and unfortunately, also affect your clubs.

The Chairman has covered the achievements, changes to and plans for your Club in some detail in his report. The year was busy:

- Changing our catering model with the expansion of the existing services provided by Paul Xu and Alan Sun to include Flame Bistro and 1st on Wharf Tavern
- Significant changes to our points program, Members Advantage, with points awarded increasing from $1.1M to $1.5M
- Purchasing the Mackay Motels and creating a management and operating structure as part of the Club's functions
- Refurbishing the lobbies of the resort and Signatures, followed by the complete refurbishment of 24 hotel rooms on level 5 of the resort
- We moved ever closer to the retail development planned for Club Banora with the submission of the Development Application in early 2020
- Working with a local childcare provider, redeveloped the Recreation Street warehouse into the Twin Towns Early Learning Centre including a complete fitout and remodelling
- Expanded hours and offers in Harbour Fresh and Gusti d'Italia restaurants
- Introduced solar to our Wharf Street Club and took every opportunity to replace aging plant with the most efficient alternatives
- The entire computer network infrastructure was upgraded at a cost of $600K
- The industry saw the results of state and federal elections without becoming the recipients of targeted regulation
- There was a raft of boats, cars and cash delivered through an extensive promotions program
- In December we launched Twinnies Crisp, a custom beverage offer.

Of course the year was dominated by simply getting on with the business of providing the services and club facilities while working through a time of change. Providing food, beverage, accommodation, sports and entertainment is what we work on every day interspersed with the projects, some listed.

Twin Towns is a strong Club with a proud history and there are many reasons for our members to share a sense of optimism about their Club's future. In many respects we have read the market well, adapted early and despite external influences impacting upon us, have been able to deliver a result for the year which is well in line with past performances. We will continue to look at every opportunity and advance those that secure our future and allow us to deliver the services that members expect. Much of our planning is about seeking out change attracting new markets while

CEO's Report 2019 (cont.)

still retaining all of the good attributes that people currently enjoy. It is an enduring challenge and one we rise to as an administration and at Board level with passion and commitment.

I'd like to thank the Board and especially Michael Fraser for the support that I and all the management and staff have received during the year. As a group we have grappled with the challenges of the year and sought to find direction which meets your expectations and the Club's needs. The collaboration of thoughts and actions is always focussed on the best outcomes for Twin Towns Services Club and you as the members.

To my fellow management and the whole team, I continue to appreciate your efforts every day.

To our members, thank you for again making Twin Towns your club of choice.

Sincerely

Rob Smith

Directors' Report

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 2019.

DIRECTORS

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

Michael M Fraser POSITION: Chairman
OCCUPATION: Retired Real Estate Company Director
EXPERIENCE: 38 years Board Member. Board Chairman. Chairman of Executive, Compliance/Risk, Remuneration, Nominations, New Projects and Insurance Sub-Committees and Member of Donations Sub-Committee.
MEETING ATTENDANCES: 36/38

Brian M Brown *M.A.I.C.D.* POSITION: Deputy Board Chairman
OCCUPATION: Retired
EXPERIENCE: 11 years Board Member. Member of Executive. Chairman of Donations Sub-Committee and Member of Remuneration, Disciplinary, Compliance/Risk, Nominations, New Projects and Insurance Sub-Committees. Club representative on ClubGrants Local Committee.
MEETING ATTENDANCES: 45/45

Kenneth C Culpitt (Ken) *B Sc. Dip P.M. Australian Sports Medal* POSITION: Director
OCCUPATION: Retired
EXPERIENCE: 3 years Board Member. Member of Donations, Disciplinary and Compliance/Risk, Audit and New Projects Sub-Committees. Club representative on ClubGrants Local Committee. Work Health & Safety Delegate.
MEETING ATTENDANCES: 40/41

Paul M Day (Mark) *B.Sc. Grad.Dip.Phty Master Phty Sts. A.P.A.M. F.A.I.C.D.* POSITION: Director
OCCUPATION: Physiotherapist
EXPERIENCE: 23 years Board Member. Chairman of Disciplinary Sub-Committee and Member of Audit, Remuneration New Projects Sub-Committees.
MEETING ATTENDANCES: 27/27

John F Griffin *JP PhD MJuris MEng BE DipEE DipME DipCD CPEng FIEAust APEC Engineer IntPE (Aus) FAICD LCDR RANR (Retired)* POSITION: Director
OCCUPATION: Retired
EXPERIENCE: 22 years Board Member. Chairman of Audit Sub-Committee. Member of Compliance/Risk, Remuneration, Disciplinary and New Projects Sub-Committees.
MEETING ATTENDANCES: 31/37

Robert D Loring (Bob) POSITION: Director
OCCUPATION: District Fisheries Officer
EXPERIENCE: 13 years Board Member. Member of Nominations, Donations, and New Projects Sub-Committees.
MEETING ATTENDANCES: 17/22

Anthony D Mitchell (Tony) *B.Com. LLB Notary Public* POSITION: Director
OCCUPATION: Solicitor
EXPERIENCE: 31 years Board Member. Previously Board Chairman 15 years to 15 May 2007. Member of Remuneration, Audit, Nominations and New Projects Sub-Committees.
MEETING ATTENDANCES: 21/23

Ross S O'Leary *JP* POSITION: Director
OCCUPATION: Retired
EXPERIENCE: 11 years Board Member. Member of Compliance/Risk, New Projects and Donations Sub-Committees. Club Representative on ClubGrants Local Committee.Work Health & Safety Delegate.
MEETING ATTENDANCES: 42/43

David W Phillips *OAM LTCOL RAInf (Retired) FAICD* POSITION: Director
OCCUPATION: Retired
EXPERIENCE: 11 years Board Member. Member of Compliance/Risk, New Projects, Disciplinary and Nominations Sub-Committees. Club representative on Building Management Committee Ocean and Harbour Towers.
MEETING ATTENDANCES: 31/36

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.

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

Continue to review the planning that had been put in place for Club Banora, Twin Towns Juniors and the main club Twin Towns, and to respond in a positive and progressive manner to enhance facilities and services for members within the framework previously established but remaining cognisant of external constraints.

How these activities assist in achieving the objectives

The Club has been built upon the premise of providing facilities within a responsible fiscal framework enabling members to partake in the range of services offered by the Club. This long term strategic planning, reviewed annually, provides a basis for realistic annual budgets for staffing, maintenance and capital projects.

Performance measurement

Performance is assessed regularly against relevant internal and industry benchmarks enabling views to be formed as to whether strategic initiatives have been effective in achieving the Club objectives.

OPERATING RESULTS

The net profit after income tax of the Group amounted to $224,234 (2018: $218,743) after providing for depreciation of $8,227,875 (2018: $8,087,776).

DIVIDENDS

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

EVENTS SUBSEQUENT TO BALANCE DATE

On March 11 2020, the World Health Organisation (WHO) declared a global Pandemic in respect of the Coronavirus (COVID-19). Following on the announcement of this Pandemic, the Australian Federal Government, in concert with the States, implemented measures to reduce the extent of community exposure to COVID-19. This included an enforced closure of all registered and licenced Clubs, Pubs and other hospitality venues on 23 March 2020. As part of the gradual public lockdown, the Government

EVENTS SUBSEQUENT TO BALANCE DATE (Cont.)

also announced a series of financial assistance packages to benefit those businesses and their employees who were forced to cease trading, or had experienced significant reductions in turnover.

Decrease in Land and Buildings carried at fair value (Note 10)

The Directors have considered the financial impact of the above events on the financial report, including the fair value of land and buildings. The potential amount of any fair value adjustment cannot be reliably estimated due to the level of uncertainty with respect to the economic impact of COVID-19.

Decrease in profit from normal operations

As a result of temporarily ceasing the Club's trading operations on 23 March 2020, in accordance with the Government's directive, the Directors have assessed the cash needs to fund the business through a hibernation period, against available cash resources and income expected from Government financial assistance. It is not known when the Government's forced closure restrictions will be lifted, and therefore the extent of any potential loss from these events cannot be reliably estimated due to the level of uncertainty with respect to the economic impact of COVID-19.

Despite the potential financial effect of the above events, the Directors are of the opinion, that there is no uncertainty, as at the date of this report, regarding the Club's ability to continue in its current hibernation state for the foreseeable future, until the Government restrictions are lifted. This is due to the Club's substantial cash resources and the Club's ability to implement further cost savings should the need arise.

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 2019, the total number of members was 46,752 (2018: 41,102) and the total amount that members are liable to contribute if the Company is wound up is $93,504 (2018: $82,204).

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.

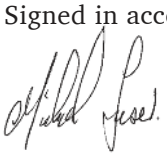
PROCEEDINGS ON BEHALF OF THE COMPANY

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.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act follows this directors' report.

Signed in accordance with a resolution of the Board of Directors.



M M Fraser
Director
Dated at Tweed Heads this 28th day of May 2020.

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

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 2019 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 28th day of May 2020.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2019

	Note	2019 $	2018 $
REVENUE FROM ORDINARY ACTIVITIES	2	**65,544,646**	71,130,357
LESS EXPENDITURE	3		
Cost of goods sold		**4,843,777**	6,990,007
Depreciation expenses		**8,227,875**	8,087,776
Employment expenses		**18,102,629**	20,667,765
Gaming machine taxes and levies		**9,163,846**	10,062,699
Property expenses		**9,467,908**	9,183,401
Promotions and advertising		**4,988,055**	5,321,292
Entertainment		**3,482,713**	3,579,929
Members expenses		**2,224,086**	1,971,412
Communication expenses		**387,189**	346,125
Other operating expenses		**4,343,979**	4,677,833
		65,232,057	70,888,239
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		**312,589**	242,118
INCOME TAX EXPENSE	4	**(88,355)**	(23,375)
NET PROFIT		**224,234**	218,743
OTHER COMPREHENSIVE INCOME		**2,695,223**	-
TOTAL COMPREHENSIVE INCOME		**2,919,457**	218,743

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Reserves	Retained Earnings	Total
	$	$	$
Total Equity at 1 January 2018	49,764,208	118,392,684	168,156,892
Profit for the year	-	218,743	218,743
Other comprehensive income	-	-	-
Total Equity at 31 December 2018	**49,764,208**	**118,611,427**	**168,375,635**
Profit for the year	-	224,234	224,234
Other comprehensive income	2,695,223	-	2,695,223
Total Equity at 31 December 2019	**52,459,431**	**118,835,661**	**171,295,092**

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019	2018
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**25,249,818**	27,147,044
Trade and other receivables	6	**1,540,742**	1,441,326
Inventories	7	**477,569**	433,585
Other	9	**1,187,213**	1,280,354
TOTAL CURRENT ASSETS		**28,455,342**	30,302,309
NON CURRENT ASSETS			
Property, plant and equipment	10	**148,848,833**	144,514,765
Intangible assets	8	**1,128,000**	1,128,000
Deferred tax assets	4(b)	**328,308**	339,526
TOTAL NON CURRENT ASSETS		**150,305,141**	145,982,291
TOTAL ASSETS		**178,760,483**	176,284,600
CURRENT LIABILITIES			
Trade and other payables	11	**4,370,426**	4,727,349
Current tax liabilities	4	**-**	-
Provisions	12	**2,780,614**	2,808,102
TOTAL CURRENT LIABILITIES		**7,151,040**	7,535,451
NON CURRENT LIABILITIES			
Financial liabilities		**-**	-
Deferred tax liabilities	4(c)	**49,698**	60,087
Provisions	12	**264,653**	313,427
TOTAL NON CURRENT LIABILITIES		**314,351**	373,514
TOTAL LIABILITIES		**7,465,391**	7,908,965
NET ASSETS		**171,295,092**	168,375,635
EQUITY			
Reserves		**52,459,431**	49,764,208
Retained profits		**118,835,661**	118,611,427
TOTAL EQUITY		**171,295,092**	168,375,635

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**71,435,063**	77,698,282
Payments to suppliers and employees		**(63,749,238)**	(70,341,100)
Interest received		**363,427**	489,917
Interest paid		**-**	-
Income tax paid		**(69,525)**	(259,638)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**7,979,727**	7,587,461
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		**(9,899,680)**	(8,109,230)
Proceeds from sale of property, plant & equipment		**22,727**	43,454
Proceeds/(purchase) of investments		**(450,024)**	4,444,944
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(10,326,977)**	(3,620,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**-**	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**-**	-
NET INCREASE/(DECREASE) IN CASH HELD		**(2,347,250)**	3,966,629
Cash at the beginning of the financial year		**14,474,939**	10,508,310
Cash at the end of the financial year	13	**12,127,689**	14,474,939

The accompanying notes form part of these consolidated financial statements

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 – Reduced Disclosure Requirements of the Australian Accounting Standards Board 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 17 to the financial statements.

(c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Group, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(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 is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Revenue from the sale of goods primarily includes revenue from catering and beverages.

Revenue from the rendering of services is recognised upon the delivery of service to the customers. Revenue from services primarily includes accommodation, entertainment, membership and gaming revenue.

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 an accruals basis or straight line basis 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 assumption that no adverse change will occur in income taxation legislation, and the anticipation the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(f) Inventories

Inventories are carried at the lower of cost and net realisable value.

(g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(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	3-15 years

(i) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined Contribution Superannuation Plans

The Group contributes to several defined contribution 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 statement of financial position comprise cash at banks and in 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above excluding term deposits, net of outstanding bank overdrafts. Term deposits are shown within investing activities on the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities on the 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 statement of financial position are shown inclusive of GST. Cash flows are presented in the 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

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired is its cost value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Licences
Useful lives
Indefinite
Amortisation method used
No amortisation
Internally generated or acquired
Acquired
Impairment testing
Annually and more frequently when an indication of impairment exists.

(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 statement of 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 statement of 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 instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability 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.

Classification and Subsequent Measurement

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 using the effective interest rate method.

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 Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available for Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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 statement of 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

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 31 December 2019.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the company have determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The board of directors and management work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The executive manager finance reports the independent valuation findings to the board of directors of the company via the audit committee to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques inputs used in determining the fair value of various assets and liabilities are disclosed in Note 10 to the financial statements. The directors have determined the fair value of land and buildings by reference to independent valuations performed on 31 December 2019.

	2019 $	2018 $
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities		
Gaming	**35,413,350**	38,403,150
Catering and beverages	**19,791,505**	23,881,701
Accommodation	**4,883,936**	3,840,974
Showroom	**3,015,099**	2,575,289
Sporting activities	**392,166**	392,585
Membership, commissions and other operating activities	**931,833**	1,001,776
Entertainment	**268,462**	253,744
Bank interest	**363,427**	489,917
Rental	**484,868**	291,221
Total revenue from ordinary activities	**65,544,646**	71,130,357

3. EXPENSES FROM ORDINARY ACTIVITIES		
Expenses from operating activities includes:		
Cost of goods sold	**4,843,777**	6,990,007
Depreciation	**8,227,875**	8,087,776
Operating Lease payments	**37,772**	38,419

4. INCOME TAX		
a. Income Tax Expense		
Prima facie income tax on operating profit at 30%	**93,777**	72,635
Tax effect of timing and temporary differences	**66,923**	96,827
Mutual income/expenditure [Note 1(e)]	**(72,345)**	(146,087)
	88,355	23,375
The components of income tax expense comprises:		
Current tax	**88,355**	23,375
Deferred tax	**-**	-
	88,355	23,375
b. Deferred tax assets		
Non-Current Asset		
Deferred income tax assets	**328,308**	339,526
c. Deferred tax liabilities		
Non-Current Liability		
Deferred tax liabilities	**49,698**	60,087

5. CASH AND CASH EQUIVALENTS		
Cash at bank & cash on hand	**12,127,689**	14,474,939
Term deposits	**13,122,129**	12,672,105
	25,249,818	27,147,044

	2019 $	2018 $
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Debtors	**1,418,586**	1,190,036
Other receivables	**122,156**	251,290
	1,540,742	1,441,326
7. INVENTORIES		
Finished goods - at cost	**477,569**	433,585
8. 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
9. OTHER ASSETS		
CURRENT		
Prepayments	**1,187,213**	1,280,354
10. PROPERTY, PLANT AND EQUIPMENT		
Land at fair value	**33,771,693**	29,239,911
Buildings and improvements at fair value	**86,433,315**	85,800,496
Additions - at cost	**-**	879,736
Disposals	**-**	-
Less accumulated depreciation	**-**	(2,036,880)
	86,433,315	84,643,352
Plant and equipment at cost	**92,754,174**	90,136,716
Less accumulated depreciation	**(65,800,248)**	(61,029,672)
	26,953,926	29,107,044
Capital work in progress at cost	**1,689,899**	1,524,458
	148,848,833	144,514,765

An independent valuation of the Group's freehold land and buildings was carried out as at 31 December 2019 by registered valuers, Herron Todd White and Booth Property Group.

10. PROPERTY, PLANT AND EQUIPMENT (Cont.)

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 Work in Progress	Total
	$	$	$	$	$
Balance at beginning of year	29,239,911	84,643,352	29,107,044	1,524,458	144,514,765
Additions	1,475,000	4,100,578	4,158,661	165,441	9,899,680
Disposals	-	-	(32,960)	-	(32,960)
Revaluation	3,056,782	(361,559)	-	-	2,695,223
Depreciation expense	-	(1,949,056)	(6,278,819)	-	(8,227,875)
Carrying amount at year end	**33,771,693**	**86,433,315**	**26,953,926**	**1,689,899**	**148,848,833**

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:

	2019	2018
	$	$
Land at Fair Value	**33,771,693**	29,239,911
Buildings and Improvements	**86,433,315**	84,643,352

Fair value of the Group's main property assets, including the Hotel Licence, is estimated based on appraisals performed by independent, professionally-qualified property valuers during the 2019 financial year.

The significant inputs and assumptions were developed on the basis of market-based information, and, to a lesser extent, consultation with Management.

It was determined after a review of the valuation methodology by the Directors at balance date, that there were no conditions in existence that would cause a material change to the valuation inputs.

There were no transfers between hierarchy levels as at the end of the reporting period.

Further information is set out below.

Land held at fair value (Level 3)

The 2019 appraisal was carried out using a market approach that reflects observed process for recent transactions for similar properties, specifically land sales of large residential and commercial development sites which are suitable for development with tourist accommodation, medium and/or high density residential or commercial uses. Adjustments for factors specific to the land in question were considered, including sales evidence for the zoning of the site, and its current use being a club premise, and not based on any alternate use of the site.

10. PROPERTY, PLANT AND EQUIPMENT (Cont.)

The land was revalued on 31 December 2019. The land was previously revalued on 31 December 2016.
Buildings and improvements (Level 3)
The fair values of the buildings and improvements were estimated using a cost approach which reflects the current replacement cost of the asset group at its current service capacity.

The depreciated replacement cost was determined by deducting from the estimated current replacement cost, an allowance for accrued physical wear and tear, economic and functional obsolescence. This allowance was independently determined by a qualified Quantity Surveyor and subject to review by registered valuers, Herron Todd White and Booth Property Group.

	2019	2018
	$	$
11. TRADE AND OTHER PAYABLES		
CURRENT		
Creditors and accruals	**3,050,216**	3,389,800
Income in advance	**1,297,360**	1,317,719
Security deposits held	**22,850**	19,830
	4,370,426	4,727,349
12. PROVISIONS		
CURRENT		
Poker machine duty / jackpots / cashless cards	**947,431**	922,270
Employee entitlements	**1,815,557**	1,867,357
Members advantage	**17,626**	18,475
	2,780,614	2,808,102
NON-CURRENT		
Employee Entitlements	**264,653**	313,427
The aggregate employee entitlement liability including on-costs, is comprised of:		
- Current	**1,815,557**	1,867,357
- Non Current	**264,653**	313,427
	2,080,210	2,180,784
13. 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	**12,127,689**	14,474,939

14. CONTINGENT LIABILITIES

$100,000 bank guarantee in favour of the Liquor Administration Board as security for the Link Progressive Jackpots.

$15,000 bank guarantee in favour of TAB Limited as security for potential amounts owing.

	2019 $	2018 $

15. LEASES

As Lessee
Operating Lease Commitments Payable

Operating leases contracted for:		
- not later than one year	**37,468**	42,190
- later than one year and not later than five years	**7,336**	31,108
	44,804	73,298

As Lessor
Operating Lease Commitments Receivable

Lease payments receivable		
- not later than one year	**342,586**	62,233
- later than one year and not later than five years	**1,289,684**	-
- later than five years	**1,290,284**	-
	2,922,554	62,233

16. KEY MANAGEMENT PERSONNEL

Total compensation for Key Management Personnel	**1,742,733**	1,694,546

Transactions with Directors

During the financial year, goods and services provided to the company by the Director listed below were in the ordinary course of business and on normal commercial terms and conditions.

P M Day Medical Services

17. CONTROLLED ENTITY

Parent Entity
Twin Towns Services Club Limited
Incorporated in Australia

Subsidiary of Twin Towns Services Club Limited
Twin Towns Services Property (QLD) Pty Limited
Incorporated in Australia
Ownership Interest 100%

18. EVENTS SUBSEQUENT TO BALANCE DATE

On March 11 2020, the World Health Organisation (WHO) declared a global Pandemic in respect of the Coronavirus (COVID-19). Following on the announcement of this Pandemic, the Australian Federal Government, in concert with the States, implemented measures to reduce the extent of community exposure to COVID-19. This included an enforced closure of all registered and licenced Clubs, Pubs and other hospitality venues on 23 March 2020. As part of the gradual public lockdown, the Government also announced a series of financial assistance packages to benefit those businesses

18. EVENTS SUBSEQUENT TO BALANCE DATE (Cont.)

and their employees who were forced to cease trading, or had experienced significant reductions in turnover.

Decrease in Land and Buildings carried at fair value (Note 10)

The Directors have considered the financial impact of the above events on the financial report, including the fair value of land and buildings. The potential amount of any fair value adjustment cannot be reliably estimated due to the level of uncertainty with respect to the economic impact of COVID-19.

Decrease in profit from normal operations

As a result of temporarily ceasing the Club's trading operations on 23 March 2020, in accordance with the Government's directive, the Directors have assessed the cash needs to fund the business through a hibernation period, against available cash resources and income expected from Government financial assistance. It is not known when the Government's forced closure restrictions will be lifted, and therefore the extent of any potential loss from these events cannot be reliably estimated due to the level of uncertainty with respect to the economic impact of COVID-19.

Despite the potential financial effect of the above events, the Directors are of the opinion, that there is no uncertainty, as at the date of this report, regarding the Club's ability to continue in its current hibernation state for the foreseeable future, until the Government restrictions are lifted. This is due to the Club's substantial cash resources and the Club's ability to implement further cost savings should the need arise.

Directors' Declaration

The Directors of Twin Towns Services Club Limited declare that:

1. The consolidated financial statements and notes, as set out on pages 13 to 28 are:

   (a) in accordance with the Corporations Act 2001;

   (b) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and

   (c) give a true and fair view of the Group's financial position as at 31 December 2019 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.

M. M. Fraser
Director

Dated at Tweed Heads, NSW this 28th day of May 2020.

Independent Auditor's Report to the Members of Twin Towns Services Club Limited

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 2019, 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 2019 and of its performance for the year then ended on that date; and
2. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

for assessing the ability of the 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 Griffith Street Coolangatta QLD 4225
Dated this 28th day of May 2020.

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 2019 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 Club being:

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

Land owned by the Club 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.

Land owned by the Club 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 Club 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 Road, West Mackay Queensland

Lot 6 in RP711580 situate at 47 Mogford Street, West Mackay Queensland

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