ANNUAL REPORT 2023

TWIN TOWNS SERVICES CLUB LIMITED

Twin Towns CLUBS + RESORTS

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Contents

Board of Management Report

It is my pleasure to present the Annual Report for the financial year ending 31 December 2023. This report is to be considered at the Annual General Meeting to be held on Tuesday 21 May 2024 at Twin Towns Services Club, Wharf Street, Tweed Heads commencing at 7.00 pm.

As we bid farewell to 2023, on behalf of the Board of Directors and Management, I wanted to take a moment to express our heartfelt gratitude for your support and connection with your Club. It has been an absolute pleasure serving you and being part of your journey.

This year commenced on a totally different note to previous years. There were no major issues to make life more difficult than the year before when we had the pandemic to deal with. There was great anticipation the year would run smoothly and all would be as it was or so we thought.

We soon realised Australia is not isolated from the global economy and is affected by what happens in the rest of the world. When conflict broke out between Russia and Ukraine and also fighting in Middle East, the price of fuel and other commodities increased to levels never seen before, due to the fact that these products are imported from around the world.

This also contributed to driving inflation higher, which affected the price we pay at the bowser and over the counter. We look forward to a peaceful resolution to all conflicts around the world.

It was a relatively quiet start to the 2023 calendar year, with the Twin Towns group affected by the cost of living increases brought about by many interest rates rises.

The Reserve Bank tried to tame inflation which was running rampant due to the abundance of cheap money made available by banks and other financial institutions in the wake of the pandemic. These attempts were rather poorly timed, as young people trying to purchase their first home were severely impacted by the decisions of the Reserve Bank, who had previously informed borrowers there would be no interest rate increases prior to 2024 at the earliest.

The extra burden was placed on the most vulnerable members of our community by increases in all basic products, which at this point in time have not returned to a more normal price range.

Like so many other businesses, our properties are all faced with rising utility costs and increases in energy prices whilst in a very competitive hospitality industry.

Twin Towns Juniors closed in early April and was demolished to make way for a brand new purpose-built Club that included the most up-to-date amenities available. Modern and user-friendly technology was also required to integrate the legal requirements of our gaming machines with our operational needs, as well as the needs of our customers.

The premises were designed to include as much reusable and renewable energy products as possible to assist in reducing the Club's carbon footprint. Members were kept informed of the progress of the development throughout the construction phase.

In late November, the Club reopened for business and members and guests were able to enjoy and be part of this new and exciting offering at South Tweed. I would like to acknowledge the professionalism shown by all members of the building and development team who delivered the project on time and on budget. That is no mean feat during the current economic environment.

The development of the Club Banora precinct has once again been delayed due to design considerations and council approvals. The Board is aware of the difficulties encountered by all the stakeholders involved in moving this project forward and is optimistic that all relevant issues are resolved in the affirmative and development can commence in 2024.

Board of Management Report (cont.)

The Board and Management recognise the importance of sound environmental, social and governance practices. These form part of our responsibility to our stakeholders and the environment, and we continue to embed risk management across the organisation and support the transition to a low carbon and climate resilient economy.

The total carbon reduction across all properties was achieved by planning for our future needs and acting accordingly, with further reductions expected as we continue working towards a lower emissions target.

The NSW government is holding an industry-wide enquiry into the gaming industry in relation to the harm caused to a small number of the community by the use of electronic gaming machines. A trial using a carded system will be held at various venues throughout the state and a report will be delivered to the government with recommendations.

Twin Towns applied and was accepted as one of the venues that will participate in trialling the carded system over the next 12 months. Twin Towns looks forward to working closely with the panel overseeing the trial to achieve an outcome that is workable for all stakeholders.

The Group delivered a sound performance, considering Juniors was closed for redevelopment for almost eight months, which had a financial impact on revenue for that period.

Twin Towns Board of Directors remains committed to maintaining a balance sheet that positions the Club to pursue any opportunity that may arise in the future and will continue executing its strategic plan. The Group recorded an operating profit before tax, depreciation, amortisation and finance costs of $14.3 million.

Twin Towns Services Club Limited has the added responsibility of being a not-for-profit community Club. We continued to support our community and provided funding for junior sport and other charitable organisations from gaming revenue. The amount donated in 2023 through the ClubGRANTS scheme amounted to $1,001,343.

I would like to personally recognise the work ethic and management skills of our management team led by Rob Smith. Rob is a highly qualified and extremely dedicated CEO and his depth of knowledge of the club industry is second to none. Rob also sits on the Board of ClubsNSW, the peak industry body in the State.

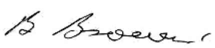
Rob is well supported by other members of the Executive Management team. Rod Pain COO, Kim Collins CFO, Andrew Zurcas CXO and Troy Philip Executive Operations Manager form a group of highly skilled professionals who are passionate about every part of the business.

Twin Towns supports a number of internal clubs offering members a diverse range of activities that bring like-minded people together in a social and friendly environment. The clubs are managed by their own committees who are elected by their members at their AGMs. The Board thanks and congratulates these committee members for their dedication and hard work. If not for them, many of these clubs may not exist.

This past year has taught us the importance of resilience, adaptability and the strength we find in unity. Through it all, we have grown together to overcome challenges and celebrated many victories. Your trust and loyalty have been the cornerstone of our success and for that we are truly grateful.

As we move into 2024, we remain committed to providing you with exceptional service and an unparalleled experience whenever you visit our facilities. We are constantly striving to innovate, improve and exceed your expectations. Your satisfaction is our driving force and we are honoured to have you as part of our membership.

We look forward to continuing our journey together, creating memorable moments and achieving new milestones.



Brian Brown

CEO's Report 2023

Members

I present the CEO's report for the 2023 financial year which resulted in a net profit after tax of $5,720,817 and a cash profit of $14.3 million. This is a very pleasing result, especially with the closure of Juniors from April until November.

It has also been a memorable year with the rebuilding of Twin Towns Juniors. It's not often a new Club gets built. Purchased in 2002, Juniors steadily grew to become an integral part of Twin Towns, and survived a flood or two! Juniors building being demolished and completely rebuilt sets a platform for many years to come as a central community meeting place in South Tweed and Banora.

It was a pleasure to work with local builders, TLF, and a stream of local tradespeople throughout the project and a thanks to my team, especially COO Rod Pain, for your constant attention. Most importantly, I'd like to thank the loyal members who stayed with us for the journey, kept up with the progress as we went, and came back on opening day to once again reclaim their Club.

In June, 1st on Wharf received a freshen up with new fixtures, fittings and furniture. The theme is lighter and more approachable with a greater focus on dining. Since reopening, in just a week, the trade and feedback confirmed the outcome was broadly well accepted.

We also received development consent for the new Sebel guest lounge but put these works on hold until 2024 due to the already full schedule.

Planning continues on Club Banora and we entered into a new MOU for the development of the old practice fairway and closed section of the golf course. At this time, we are looking to integrate the plans for Club works, retail, childcare and seniors living into one package for submission to council in 2024. It is a significant and complex undertaking. The final outcome will be generational, much like the Juniors project.

Whilst continuing to invest in the areas you can see, we are also refreshing the systems and services that support the buildings and operations. The year saw another very significant investment in our HVAC systems (heating, ventilation, air-conditioning), particularly at Club Banora. In the closing months of the year, the entire gaming system was upgraded across all the venues. IT is now a very significant part of the Clubs' annual budget and key to doing business efficiently. These two projects alone were more than $2 million in delivery costs.

There is a clear return on investing in energy efficient solutions. We've seen the evidence already at Juniors where the power and water consumption from a wholesale change to new efficient equipment has reduced running costs in just the first few months. Electricity is an enormous cost of business across the Clubs and an area where we are always looking for ways to reduce consumption, balanced against maintaining the environment expected of hospitality venues.

Energy is one of many challenges and this year saw a State election where more restrictive poker machine legislation and controls became a platform. The election resulted in a commitment by the Minn's Labor Government to undertake a trial of cashless card based gaming before implementing further legislative requirements. Clubs were invited to be a part of the trial to determine the types of technologies that could be implemented and the effectiveness of the suggested methods of operating machines.

CEO's Report 2023 (cont.)

Your Club, at Wharf Street only, has decided to participate as a trial venue and has been accepted to partner with our gaming system provider in testing their solution. We understand that society is moving quickly to card based payments over cash and we want to be a part of that solution to meet the needs of members who wish to transact without notes.

We also strongly favour the continuation of cash for those that want the choice as well, and our position is that being a part of the trial will give us a chance to have input on the outcomes as they emerge. The Club is also uniquely positioned with its border location, and Queensland has not followed suit at this time, so we want that variable input into the trial's outcomes.

There are significant downside risks for the Club and the NSW industry if these changes are not accepted well by gamblers.

Following the election, the Minn's Government also announced a full review of the ClubGRANTS scheme. This is a scheme where a percentage of gaming income can be gifted in the local community or alternatively the amount can be remitted as tax, almost certainly ensuring it does not benefit worthy causes in Tweed directly. Last year, your Clubs donated just over $1 million locally through this scheme. You can see a list of recipients here https://www.twintowns.com.au/club-grants/.

The review will be undertaken in 2024 and we will be asking recipient groups and the broader community to support the retention of this significant program and make a submission. The shape and financial health of many local groups depends on all local Clubs having access to the program so we can continue the level of support which has flowed for many years.

In this space I'd also like to mention Angie Thornhill, our Executive Assistant, who works with the Chairman and I. Angie has also been responsible for managing ClubGRANTS, not just for Twin Towns but for all of the Tweed Clubs, bringing together all the applications, the primary contact for applicants and ensuring the monies are distributed amongst so many worthy causes. Thank you on behalf of the Tweed.

Whilst there are always challenges and risks, pressure on households and changing consumer expectations, we continue to operate in a generally positive environment. This year's results tell a story that we continue to live in very fortunate times and operate in a very fortunate part of the world. Long may it continue.

I'd like to acknowledge the whole Twin Towns team for their efforts but calling out two especially. Andrew Zurcas who joined us early in the year as our Chief Experience Officer and a member of the Club's Executive. Fresh eyes and skills have been a very welcome addition. And Marty Thompson, Customer Care Ambassador, who has taken a position in Sydney will be sadly missed. Marty started as a Salvation Army Chaplain at the Club and became an integral part of the management team ensuring that time spent at the Club was not only enjoyable, but safe. Legitimate care for our staff and our customers was his unique personal characteristic.

Thank you to the Board and Chair, Brian Brown, for your guidance and support. Members can be assured of your constant efforts to fulfil the Clubs' vision and values through every decision.

To the members, I thank you for continuing to make Twin Towns your Club of choice. Your ongoing support is what delivers the benefits we all share and allows the Club to continue to grow and prosper.

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 2023.

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

Brian M Brown M.A.I.C.D. POSITION: Chairman
OCCUPATION: Retired
EXPERIENCE: 15 years Board Member. Chairman from 28 July 2020. Deputy Chairman from 20 May 2014 to 28 July 2020. Chairman of Executive. Chairman of Compliance/Risk, Insurance, New Projects, Club Banora, Investment, Nominations and Remuneration Sub-Committees and Member of Donations Sub-Committee. Director of Twin Towns Services Property (Qld) Pty Ltd.
MEETING ATTENDANCES: 32/35

David W Phillips OAM LTCOL RAInf (Retired) FAICD POSITION: Deputy Chairman
OCCUPATION: Retired
EXPERIENCE: 15 years Board Member. Deputy Chairman from 28 July 2020. Member of Executive. Chairman of Disciplinary and Donations Sub-Committees. Member of Compliance/Risk, New Projects, Remuneration, Insurance, Club Banora, Nominations and Investment Sub-Committees. Club representative on and Chairman of Tweed ClubGrants Local Committee.
MEETING ATTENDANCES: 44/44

Kenneth C Culpitt (Ken) B Sc. Dip P.M. Australian Sports Medal POSITION: Director
OCCUPATION: Retired
EXPERIENCE: 7 years Board Member. Member of Disciplinary, Club Banora, New Projects, Donations and Remuneration Sub-Committees. Club representative on Building Management Committee Ocean and Harbour Towers.
MEETING ATTENDANCES: 24/24

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: 26 years Board Member. Chairman of Audit Sub-Committee. Member of Compliance/Risk, Remuneration, New Projects and Nominations Sub-Committees.
MEETING ATTENDANCES: 22/24

Johnathon A Keating (John) BLIS LLB POSITION: Director
OCCUPATION: Solicitor
EXPERIENCE: 3 Years Board Member. Member of Audit, Nominations, Investment and New Projects Sub-Committees. Club representative on Tweed ClubGrants Local Committee.
MEETING ATTENDANCES: 26/29

Robert D Loring (Bob) POSITION: Director
OCCUPATION: District Fisheries Officer
EXPERIENCE: 17 years Board Member. Member of Donations, Disciplinary, Remuneration and Compliance/Risk Sub-Committees.
MEETING ATTENDANCES: 31/34

Justin McGurgan B.Bus (Tourism) POSITION: Director
OCCUPATION: Consultant
EXPERIENCE: Elected 21 May 2023. Member of Disciplinary and Remunerations Sub-Committees.
MEETING ATTENDANCES: 13/14

Ross S O'Leary JP POSITION: Director
OCCUPATION: Retired
EXPERIENCE: Board Member from 13 May 2008 to 28 February 2023. Member of New Projects and Donations Sub-Committees. Club Representative on ClubGrants Local Committee.
MEETING ATTENDANCES: 4/4

Ragina R Rogers MGovLead PgDipPar POSITION: Director
OCCUPATION: Australian Unity Regional Manager Indigenous Services Northern & Central NSW
EXPERIENCE: 3 Years Board Member. Member of Disciplinary, Remuneration, Nominations, New Projects, Compliance/Risk and Donations Sub-Committees.
MEETING ATTENDANCES: 17/19

Sharon L Styman MBA Bus Admin POSITION: Director
OCCUPATION: Company Strategist
EXPERIENCE: 4 Years Board Member. Chairwoman of Disciplinary Sub-Committee. Member of Compliance/Risk, Donations, Club Banora and Remunerations Sub-Committees. Club Representative on ClubGrants Local Committee.
MEETING ATTENDANCES: 34/36

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. Mr R L Smith is a director and company secretary of Twin Towns Services Property (Qld) Pty Ltd.

PRINCIPAL ACTIVITIES

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

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

Short and long term objectives

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

Strategy for achieving the objectives

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.

Directors' Report (cont.)

OPERATING RESULTS

The net profit after income tax of the Group amounted to $5,720,817 (2022: $7,466,577) after providing for depreciation and amortisation expense of $7,603,567 (2022: $7,507,013).

DIVIDENDS

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

EVENTS SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

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 2023, the total number of members was 65,724 (2022: 64,276) and the total amount that members are liable to contribute if the Company is wound up is $131,448 (2022: $128,552).

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.

B M BROWN

Director
Dated at Tweed Heads, NSW this 16th day of April 2024.

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 2023 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

M J Sullivan
Sullivan & Associates

Registered Company Auditor
Dated at Coolangatta, Qld this 16th day of April 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2023

	Note	2023 $	2022 $
REVENUE AND OTHER INCOME	2	**74,130,373**	71,366,093
LESS EXPENDITURE	3		
Cost of goods sold		**5,497,889**	4,950,608
Depreciation and amortisation expense		**7,603,567**	7,507,013
Employment expenses		**18,517,926**	16,040,023
Gaming machine taxes and levies		**10,391,110**	10,379,647
Property expenses		**10,128,012**	9,677,745
Promotions and advertising		**2,634,567**	2,941,676
Entertainment		**3,458,113**	2,663,531
Members expenses		**3,116,604**	2,689,666
Finance costs		**13,013**	2,652
Impairment loss		**-**	655,453
Other operating expenses		**6,097,744**	5,646,990
		67,458,545	63,155,004
PROFIT/(LOSS) BEFORE INCOME TAX		**6,671,828**	8,211,089
INCOME TAX BENEFIT/(EXPENSE)	4	**(951,011)**	(744,512)
NET PROFIT		**5,720,817**	7,466,577
OTHER COMPREHENSIVE INCOME		**(1,398,892)**	12,268,309
TOTAL COMPREHENSIVE INCOME		**4,321,925**	19,734,886

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Reserves $	Retained Earnings $	Total $
Total Equity at 1 January 2022	52,459,431	120,603,668	173,063,099
Profit for the year	-	7,466,577	7,466,577
Other comprehensive income	12,268,309	-	12,268,309
Total Equity at 31 December 2022	**64,727,740**	**128,070,245**	**192,797,985**
Profit for the year	-	5,720,817	5,720,817
Other comprehensive income	(1,398,892)	-	(1,398,892)
Total Equity at 31 December 2023	**63,328,848**	**133,791,062**	**197,119,910**

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	**2023**	2022
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**15,439,651**	20,832,598
Trade and other receivables	6	**1,999,720**	1,657,007
Financial assets	7	**18,471,285**	17,547,177
Inventories	8	**705,818**	671,150
Other	10	**1,208,839**	1,209,981
TOTAL CURRENT ASSETS		**37,825,313**	41,917,913
NON CURRENT ASSETS			
Property, plant and equipment	11	**167,300,446**	157,141,902
Right-of-use assets	16(a)	**140,859**	217,691
Other	10	**253,385**	253,385
Intangible assets	9	**2,242,913**	1,128,000
Deferred tax assets	4(b)	**572,767**	1,318,245
TOTAL NON CURRENT ASSETS		**170,510,370**	160,059,223
TOTAL ASSETS		**208,335,683**	201,977,136
CURRENT LIABILITIES			
Trade and other payables	12	**6,786,264**	4,856,624
Current tax liabilities	4	**786,971**	748,634
Provisions	13	**3,262,959**	3,169,655
Lease Liabilities	16(b)	**77,604**	72,379
TOTAL CURRENT LIABILITIES		**10,913,798**	8,847,292
NON CURRENT LIABILITIES			
Deferred tax liabilities	4(c)	**44,912**	45,975
Provisions	13	**188,131**	139,348
Lease Liabilities	16(b)	**68,932**	146,536
TOTAL NON CURRENT LIABILITIES		**301,975**	331,859
TOTAL LIABILITIES		**11,215,773**	9,179,151
NET ASSETS		**197,119,910**	192,797,985
EQUITY			
Reserves		**63,328,848**	64,727,740
Retained profits		**133,791,062**	128,070,245
TOTAL EQUITY		**197,119,910**	192,797,985

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and government		**79,937,415**	77,840,288
Payments to suppliers and employees		**(65,236,499)**	(63,903,178)
Interest received		**1,229,529**	382,716
Interest paid		**(13,013)**	(2,652)
Income tax refunded / (paid)		**(168,261)**	104,307
NET CASH FLOWS FROM OPERATING ACTIVITIES		**15,749,171**	14,421,481
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment		**(19,336,036)**	(5,305,297)
Proceeds from sale of property, plant & equipment		**84,590**	83,820
Proceeds/(purchase) of investments		**(703,380)**	(11,951,613)
Proceeds/(Purchase) of Intangible Assets		**(1,114,913)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(21,069,739)**	(17,173,090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		**(72,379)**	(11,580)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(72,379)**	(11,580)
NET INCREASE/(DECREASE) IN CASH HELD		**(5,392,947)**	(2,763,189)
Cash at the beginning of the financial year		**20,832,598**	23,595,787
Cash at the end of the financial year	14	**15,439,651**	20,832,598

The accompanying notes form part of these 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 – Simplified Disclosures and the Corporations Act 2001.

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

The financial report is presented in Australian dollars.

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

(b) Basis of Consolidation

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

(c) Leases

At inception of a contract, the Group 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 Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense 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 the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

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 the 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.

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

(d) Revenue Recognition

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

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

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

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

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

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

(e) Income Tax

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

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

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

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

Capital work in progress

Capital works in progress are recognised at cost and are not subject to depreciation until the asset is ready for use. The elements of cost that make up capital works in progress include those permitted under AASB 116 Property, Plant and Equipment as a directly attributable cost.

(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) Superannuation Plans

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

(j) Cash and Cash Equivalents

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

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

(k) Goods and Services Tax (GST)

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

(l) Intangible assets

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 consolidated statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Financial Instruments

Recognition and Measurement

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

Financial 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 assets through profit or loss

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

Financial Liabilities

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

Fair Value

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

Impairment

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

(o) Comparatives

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

(p) Significant Accounting judgements, estimates and assumptions

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

<u>Impairment</u>

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 2023.

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 chief financial officer 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 11 to the financial statements. The directors have determined the fair value of land and buildings by reference to independent valuations performed as at 31 December 2022 (for which the valuation details are disclosed in Note 11). The directors have formed the view that the assumptions used in the valuation methodology as at 31 December 2022 remain materially correct for the year ended 31 December 2023. Therefore, it is considered appropriate to adopt the fair value as determined in the valuation of 31 December 2022 less accumulated depreciation on buildings to 31 December 2023.

	2023 $	2022 $
2. REVENUE AND OTHER INCOME		
Gaming and wagering	**39,335,791**	40,182,227
Catering and beverages	**20,696,653**	19,188,484
Accommodation	**7,369,737**	7,355,817
Showroom	**3,175,612**	2,231,084
Sporting activities	**543,064**	398,860
Membership, commissions and other operating activities	**711,329**	717,293
Entertainment	**170,686**	158,215
Interest income	**1,229,529**	382,716
Other income investments managed funds	**179,884**	57,433
Rental income	**685,793**	663,964
Government grants	**32,295**	30,000
Total	**74,130,373**	71,366,093
3. EXPENSES		
Expenses from operating activities includes:		
Cost of goods sold	**5,497,889**	4,950,608
Depreciation	**7,526,735**	7,494,208
Amortisation right-of-use assets	**76,832**	12,805
Impairment loss	**-**	655,453
Finance costs	**13,013**	2,652
Low value asset leases expense	**43,758**	35,192
4. INCOME TAX		
a. Income Tax Expense		
Prima facie income tax on operating profit	**1,667,957**	2,052,772
Tax effect of timing and temporary differences	**75,889**	89,981
Mutual income/expenditure [Note 1(e)]	**(792,835)**	(1,398,241)
	951,011	744,512
The components of income tax expense comprises:		
Current tax	**951,011**	744,512
b. Deferred tax assets		
Non-Current Asset		
Deferred income tax assets	**572,767**	1,318,245
c. Deferred tax liabilities		
Non-Current Liability		
Deferred tax liabilities	**44,912**	45,975
5. CASH AND CASH EQUIVALENTS		
Cash at bank & cash on hand	**15,439,651**	20,832,598

Term deposits with maturities greater than 3 months are classified as Financial Assets in Note 7

	2023 $	2022 $
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Debtors	**1,664,989**	1,427,122
Other receivables	**334,731**	229,885
	1,999,720	1,657,007
7. FINANCIAL ASSETS		
Financial assets - investments managed funds	**6,283,035**	5,547,177
Term deposits with maturities greater than 3 months	**12,188,250**	12,000,000
	18,471,285	17,547,177
8. INVENTORIES		
Finished goods - at cost	**705,818**	671,150
9. INTANGIBLE ASSETS		
Poker machine licences	**2,242,913**	1,108,000
Agency Licences	**-**	20,000
	2,242,913	1,128,000
Balance at beginning of year	**1,128,000**	1,128,000
Acquired	**1,134,913**	-
Disposal	**(20,000)**	-
Balance at end of year	**2,242,913**	1,128,000
10. OTHER ASSETS		
CURRENT		
Prepayments	**1,208,839**	1,209,981
Non-Current		
Investment- ClubCo P/L	**253,385**	253,385
11. PROPERTY, PLANT AND EQUIPMENT		
Land at fair value	**37,190,000**	37,190,000
Buildings and improvements at fair value	**95,867,937**	97,487,556
Additions - at cost	**11,402,530**	-
Accumulated depreciation	**(2,562,637)**	-
	104,707,830	97,487,556
Plant and equipment at cost	**91,580,787**	86,413,155
Accumulated depreciation & impairment	**(67,656,160)**	(66,944,643)
	23,924,627	19,468,512
Capital works in progress at cost	**1,477,989**	2,995,834
	167,300,446	157,141,902

An independent valuation of the Group's freehold land and buildings was carried out as at 31 December 2022 by registered valuers, Herron Todd White and IPN Valuers.

11. 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 Works in Progress	Total
	$	$	$	$	$
Balance at beginning of year	37,190,000	97,487,556	19,468,512	2,995,834	157,141,902
Additions	-	11,402,530	9,451,351	(1,517,845)	19,336,036
Disposals	-	-	(31,138)	-	(31,138)
Revaluation movement	-	(1,619,619)	-	-	(1,619,619)
Depreciation expense	-	(2,562,637)	(4,964,098)	-	(7,526,735)
Carrying amount at year end	**37,190,000**	**104,707,830**	**23,924,627**	**1,477,989**	**167,300,446**

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:

	2023	2022
	$	$
Land at Fair Value	**37,190,000**	37,190,000
Buildings and Improvements	**104,707,830**	97,487,556

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 2022 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 2022 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.

The land was revalued on 31 December 2022. The land was previously revalued on 31 December 2019.

11. PROPERTY, PLANT AND EQUIPMENT (Cont.)

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 IPN Valuers.

	2023	2022
	$	$
12. TRADE AND OTHER PAYABLES		
CURRENT		
Creditors and accruals	**4,806,567**	3,203,140
Contract liabilities	**1,960,282**	1,635,369
Security deposits held	**19,415**	18,115
	6,786,264	4,856,624
13. PROVISIONS		
CURRENT		
Poker machine duty / jackpots / cashless cards	**1,261,570**	1,162,449
Employee entitlements	**1,972,434**	1,984,014
Members advantage	**28,955**	23,192
	3,262,959	3,169,655
NON-CURRENT		
Employee Entitlements	**188,131**	139,348
The aggregate employee entitlement liability including on-costs, is comprised of:		
- Current	**1,972,434**	1,984,014
- Non Current	**188,131**	139,348
	2,160,565	2,123,362
14. CASH FLOW INFORMATION		
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows comprises of:		
Cash	**15,439,651**	20,832,598

15. 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.

	2023 $	2022 $
16. LEASES		
As lessee		
a) Right of use assets		
Balance at beginning of the year	**217,691**	-
Additions	-	230,496
Depreciation charge	**(76,832)**	(12,805)
Balance at end of year	**140,859**	217,691
b) Lease liabilities in the consolidated statement of financial position		
Current	**77,604**	72,379
Non-current	**68,932**	146,536
	146,536	218,915
c) Operating lease commitments payable		
Operating leases contracted for		
- not later than one year	**50,336**	42,653
- later than one year and not later than five years	**23,244**	32,978
	73,580	75,631

Non-cancellable operating leases contracted for but not capitalised in the financial statements consists of leases for low value assets.

	2023 $	2022 $
As lessor		
Operating lease commitments receivable		
Lease payments receivable		
- not later than one year	**331,060**	346,244
- later than one year and not later than five years	**1,093,990**	1,107,230
- later than five years	**216,369**	491,251
	1,641,419	1,944,725
17. KEY MANAGEMENT PERSONNEL		
Total compensation for Key Management Personnel	**2,572,922**	2,069,020

Transactions with Directors

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

There were no payments to directors with the exception of honorariums

	2023 $	2022 $
18. AUDITORS' REMUNERATION		
Remuneration of the auditor:		
Auditing the financial statements	**37,500**	37,500

19. 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%

20. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs.

Directors' Declaration

The Directors of Twin Towns Services Club Limited declare that:

1. The consolidated financial statements and notes, as set out on pages 10 to 24 are:

   (a) in accordance with the Corporations Act 2001;
   (b) comply with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001; and
   (c) give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

B Brown

B. M. Brown
Director

Dated at Tweed Heads, NSW this 16th day of April 2024.

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 2023, 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 2023 and of its performance for the year then ended on that date; and
2. complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001.*

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time 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 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 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 – 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

Independent Auditor's Report to the Members of Twin Towns Services Club Limited (cont.)

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**

M.J. Sullivan

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

Dated this 16th day of April 2024.

Core and Non-Core property

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 2023 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 area to the west of the Club premises previously known as 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

<u>Tweed Heads</u>

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

The TAB agency

The bar known as "1st on Wharf"

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

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

Property owned by the Group being:

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

Land owned by the Group being:

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

Core and Non-Core property (cont.)

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 area to the west of the Club premises previously known as the Oasis Pools Complex

The Golf Pro Shop

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

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

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

The parcel of Land approved by the resolution of members at the 2023 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 that part of the first floor in the Club Banora Clubhouse, part of the carpark area and an adjacent service area depicted on the three plans prepared by Raunik Design Group Architects and identified as the area depicted in colour in each of the plans.

Land owned by the Group being:

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

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

Mackay

Property owned by the Group being:

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

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

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

Lot 8 in SP163488 situate at 190 Nebo Road, West Mackay Queensland

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