
Ashfield Catholic and Community Club Limited

ABN 73 000 425 294

**Annual Financial Report
30 June 2019**

Ashfield Catholic and Community Club Limited

Directors' Report

Directors

The directors present their report together with the financial statements of Ashfield Catholic and Community Club Limited (the company) for the year ended 30 June 2019.

The directors of the company in office at any time during or since the end of the financial year are:

Name and Qualifications	Experience and Special Responsibilities
FARRY, Michael Anthony	President since 2018. Board Member since 2004. Club Member since 1966. Life Member. Finance director from 2004 to 2009. Retired Bank Manager. Justice of the Peace.
CHANNELLS, John Richard	Vice President. Board Member since 2004. Club Foundation Member. Part-Time D.E.T. Previously 30 years as a teacher at De La Salle College, Ashfield. Dip Ed Industrial Arts.
BORMANS, Alexander	Finance Director. Club Member since 2012. IT Manager. Master of Science. Graduate Diploma in Business. Area 32 Director Toastmasters International. Immediate Past President and current member of Ashfield Toastmasters Club with DTM level. Past member of Ashfield Cricket Club.
HUDSON, Brian Joseph	Vice President. Board Member since 1995. Club Member since 1967. Life Member. Retired Public Servant. Committee Member of the ACC Cricket Club since its inception 1974-1975.
FREEMAN, Lorraine	Club Member since 2008. Registered Nurse/Midwife. Bachelor of Arts. Solicitor. Toastmaster - DTM award. Volunteer with St Vincent de Paul Society assisting children with literacy and numeracy skills.
DIXON, Peter (appointed 23 October 2018)	Club Member since 1997. Lighting Engineer/Consultant and small business owner. Certificate in Wine studies and Viticulture. Holder of RSA and RCG certifications. Distinguished Toastmaster. Long Service Medal; State Emergency Service, St John Ambulance and Duke of Edinburgh Award Scheme.

Ashfield Catholic and Community Club Limited

Directors' Report (continued)

Name and Qualifications	Experience and Special Responsibilities
YANIV, Christina (appointed 23 October 2018)	Club Member since 2014. Bachelor of Arts - Society & Culture (2018). Facilities and Project Manager. Industry Diploma in Operations and Facilities Management. Certificate IV in Occupational Health & Safety.

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) attended by each of the directors of the company during the financial year is:

Name	Number of Meetings Attended	Number of Meetings Held *
FARRY, Michael Anthony	16	16
CHANNELLS, John Richard	16	16
HUDSON, Brian Joseph	14	16
BORMANS, Alexander	16	16
FREEMAN, Lorraine	16	16
DIXON, Peter	9	10
YANIV, Christina	10	10

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 30 June 2019 and the comparison with last year is as follows:

2019	2018
3,936	4,075

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total amount that the members of the company are liable to contribute if the company is wound up is \$7,872 (2018: \$8,150).

Operating result

The net profit after tax for the year amounted to \$73,713 compared with \$338,481 for the prior year. This resulted after charging \$1,015,642 (2018: \$971,392) for depreciation, \$214,699 (2018: nil) for loss on disposal of non-current asset and after crediting \$74,901 for an income tax benefit (2018: \$48,621).

Ashfield Catholic and Community Club Limited

Directors' Report (continued)

Objectives

Short Term

- Continuing to trade profitably
- Continuing to improve excellence in our customer service program
- Improving revenue streams, new and old
- Improve conference room - attract more room hire
- Community groups-mutual benefits
- Consolidate the Club's financial position after completing stage 2 of the Clubs Master Plan.

Long Term

- Implementing Stage 3 of the Club's Master Plan
- Implementing gym
- Finishing capital works
- Time frame depends on trade and other factors.

Strategy for achieving the objectives

- Performing a SWOT analysis
- Look at areas to increase income streams
- Reviewing expenses and suppliers
- Management of investment properties (increasing ROI).

Principal activities

- The principal activities of the company during the course of the financial year consisted of the conduct and promotion of a licensed social club for members of the company.
- There have been no significant changes in the nature of these activities during the year.
- The company's principal activities assist in achieving the entity's objectives by raising revenues for the expansion and long term viability of the Club.

Performance measurement and key performance indicators

The Entity measures its performance by using the following KPIs:

- Monthly P&L Statements
- EBITDA Percentages
- Profit Trends
- Benchmarking against other Clubs - Gaming revenues
- Customer satisfaction

Ashfield Catholic and Community Club Limited

Directors' Report (continued)

Key Performance Indicators

	2019	2018
Bar		
Gross profit percentage	59.8%	58.4%
Wages to sales percentage	21.0%	21.3%
Gaming		
Gross Revenue	\$5,053,060	\$4,931,913
Gross Revenue per machine	\$50,030	\$48,831
Wages to sales percentage	8.9%	7.9%
EBITDA*	\$1,400,056	\$1,293,349
EBITDA %	21.5%	20.4%

* Net gain/loss on disposal of non-current assets have been excluded from the EBITDA calculation for the current and prior period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Ashfield this 20th day of August 2019.



Michael Farry
President



Alexander Bormans
Finance Director

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF ASHFIELD CATHOLIC AND COMMUNITY CLUB LIMITED

As lead auditor of Ashfield Catholic and Community Club Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 20 August 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Ashfield Catholic and Community Club Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion the accompanying financial report of Ashfield Catholic and Community Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *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 obtained at the date of this auditor's report is information included in the directors' report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

Paul Cheeseman
Partner

Sydney, 20 August 2019

Ashfield Catholic and Community Club Limited


Directors' Declaration

The directors of Ashfield Catholic and Community Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 32, are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 30 June 2019 and of their performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Ashfield this 20th day of August 2019.



Michael Farry
President



Alexander Bormans
Finance Director

Ashfield Catholic and Community Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Sale of goods		1,388,275	1,386,575
Rendering of services		4,890,467	4,796,037
Other revenue		232,068	144,214
		<hr/>	<hr/>
Total revenue	1	6,510,810	6,326,826
		<hr/>	<hr/>
Other income	1	-	88,395
		<hr/>	<hr/>
Expenses			
Raw materials consumed		(563,486)	(561,391)
Depreciation expense	2	(1,015,642)	(971,392)
Employee benefits expense		(1,760,973)	(1,708,417)
Finance costs	2	(175,137)	(125,927)
Entertainment, marketing and promotional costs		(478,270)	(653,152)
Poker machine licences and taxes		(1,018,983)	(884,082)
Property expenses		(780,022)	(672,940)
Other expenses		(504,786)	(548,060)
Net loss on disposal of non-current assets	4	(214,699)	-
		<hr/>	<hr/>
Total expenses		(6,511,998)	(6,125,361)
		<hr/>	<hr/>
(Loss)/Profit before income tax benefit		(1,188)	289,860
Income tax benefit	3(a)	74,901	48,621
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		73,713	338,481
Other comprehensive income		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		73,713	338,481
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 13 to 32.

Ashfield Catholic and Community Club Limited
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,297,047	1,425,963
Trade and other receivables		30,705	27,262
Inventories		42,947	40,585
Prepayments		180,605	82,354
Total Current Assets		1,551,304	1,576,164
Non-Current Assets			
Property, plant and equipment	4	11,300,296	11,855,762
Investment properties	5	164,043	136,937
Deferred tax assets	3(c)	361,462	287,015
Intangible assets	6	667,324	667,324
Total Non-Current Assets		12,493,125	12,947,038
Total Assets		14,044,429	14,523,202
LIABILITIES			
Current Liabilities			
Trade and other payables	7	498,494	566,479
Employee benefits	8	424,073	414,684
Income received in advance		5,322	5,729
Total Current Liabilities		927,889	986,892
Non-Current Liabilities			
Deferred tax liabilities	3(b)	-	454
Employee benefits	8	19,129	12,659
Financial liabilities	9	3,200,000	3,700,000
Income received in advance		8,949	8,448
Total Non-Current Liabilities		3,228,078	3,721,561
Total Liabilities		4,155,967	4,708,453
Net Assets		9,888,462	9,814,749
Members' Funds			
Retained profits		9,888,462	9,814,749
Total Members' Funds		9,888,462	9,814,749

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 13 to 32.

Ashfield Catholic and Community Club Limited
Statement of Changes in Members' Funds
For the Year Ended 30 June 2019

	Retained Profits	Total Members' Funds
	\$	\$
Balance at 1 July 2017	9,476,268	9,476,268
Net profit after income tax benefit for the year	338,481	338,481
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	338,481	338,841
Balance at 30 June 2018	9,814,749	9,814,749
Net profit after income tax benefit for the year	73,713	73,713
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year		
Balance at 30 June 2019	<u>9,888,462</u>	<u>9,888,462</u>

The Statement of Changes in Member's Funds is to be read in conjunction with the notes to the financial statements set out on pages 13 to 32.

Ashfield Catholic and Community Club Limited
Statement of Cash Flows
For the Year Ended 30 June 2019

	2019 \$	2018 \$
Cash Flows From Operating Activities		
Cash receipts in the course of operations (incl. GST)	6,926,691	6,807,714
Cash payments in the course of operations (incl. GST)	(5,811,945)	(5,661,335)
Interest received	4,234	5,344
Rent received	227,834	138,870
Finance costs paid	(175,137)	(125,927)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,171,677	1,164,666
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(806,092)	(3,958,358)
Proceeds from sale of property, plant and equipment	5,499	100,284
	<hr/>	<hr/>
Net cash used in investing activities	(800,593)	(3,858,074)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from borrowings	-	3,700,000
Repayment of borrowings	(500,000)	(1,034,697)
	<hr/>	<hr/>
Net cash (used in)/ inflow from financing activities	(500,000)	2,665,303
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(128,916)	(28,105)
Cash and cash equivalents at the beginning of the financial year	1,425,963	1,454,068
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	1,297,047	1,425,963
	<hr/>	<hr/>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 13 to 32.

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

About This Report

Ashfield Catholic and Community Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Ashfield Catholic and Community Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 20 August 2019.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australia Accounting Standards - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on a going concern basis.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018. The Company has receivables at year end and under the standard there are new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company as at 30 June 2019 or on opening retained earnings as at 1 July 2018.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 4 & 5
Long service leave provision	Note 8
Recoverability of intangible assets	Note 6

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	998,985	1,015,693
Catering sales	389,290	370,882
	<hr/>	<hr/>
	1,388,275	1,386,575
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	4,610,871	4,500,737
Commissions received	85,572	82,661
Members' subscriptions	9,542	10,327
Entertainment and promotions	109,069	124,982
Sundry income	75,413	77,330
	<hr/>	<hr/>
	4,890,467	4,796,037
	<hr/>	<hr/>
Other Revenue		
Interest received	4,234	5,344
Rent received - Investment Properties	209,817	118,070
Rent received - Catering	18,017	20,800
	<hr/>	<hr/>
	232,068	144,214
	<hr/>	<hr/>
Total Revenue	6,510,810	6,326,826
	<hr/>	<hr/>
Other Income		
Net gain on disposal of non-current assets	-	88,395
	<hr/>	<hr/>
Total Other Income	-	88,395
	<hr/>	<hr/>
Total Revenue and Other Income	6,510,810	6,415,221
	<hr/>	<hr/>

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

1 Revenue and Other Income (continued)

Revenue Recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Rent Revenue

Rent revenue is recognised on a straight line basis over the period of lease term so as to reflect constant periodic rate of return.

Interest Revenue

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

Other income

Sale of Property, Plant and Equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings and improvements	360,611	303,575
Plant and equipment	171,652	175,594
Poker machines	463,794	474,787
Motor vehicle	17,079	15,229
Investment properties - Building and improvements	812	813
Investment properties - Plant and equipment	1,694	1,394
	<hr/>	<hr/>
Total depreciation	1,015,642	971,392
	<hr/>	<hr/>
Finance costs		
Interest charges	175,137	125,927
	<hr/>	<hr/>

Finance Costs

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2019 \$	2018 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	718,995	890,478
Less: Proportion of expenses attributable to non-members	(632,982)	(756,398)
	<hr/> 86,013	<hr/> 134,080
Add: Other taxable income	664,309	539,561
	<hr/> 750,322	<hr/> 673,641
Less: Other deductible expenses	(1,014,596)	(767,008)
transfer to tax losses carried forward	264,274	93,367
	<hr/> -	<hr/> -
Net income subject to tax	<hr/> -	<hr/> -
Income tax applicable to above at tax rate of 27.5% (2018: 27.5%)		-
Movement in deferred tax asset	(74,447)	(29,067)
Movement in deferred tax liability	(454)	(19,554)
	<hr/> (74,901)	<hr/> (48,621)
Income tax benefit	<hr/> (74,901)	<hr/> (48,621)

(b) Deferred Tax Liabilities

Provision for deferred income tax comprises the estimated expense at the applicable rate of 27.5% (2018: 27.5%) on the following items:

Difference in depreciation of buildings for accounting and income tax purposes

	-	454
Movements during the year:		
Balance at the beginning of the year	454	20,008
Benefit / (expense) to the Statement of Profit or Loss and Other Comprehensive Income	454	19,554
	<hr/> -	<hr/> 454
Closing balance	<hr/> -	<hr/> 454

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Income Tax (continued)

	2019 \$	2018 \$
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Employee benefits	15,591	17,903
Tax losses	343,163	269,112
Property, plant and equipment	2,708	
	<hr/>	<hr/>
Net deferred tax assets	361,462	287,015
	<hr/>	<hr/>
Movements during the year:		
Opening Balance	287,015	257,948
Benefit / (expense) to the Statement of Profit or Loss and Other Comprehensive Income	74,447	29,067
	<hr/>	<hr/>
Closing balance	361,462	287,015
	<hr/>	<hr/>

These benefits will only be obtained if:

- i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) the company continues to comply with the conditions for deductibility imposed by law; and
- iii) no changes in tax legislation adversely affect the company in realising the benefit.

Recognition and Measurement

The charge for current income tax benefit is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

The income tax benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Income Tax (continued)

Recognition and Measurement (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
4 Property, Plant and Equipment		
Freehold land <i>At cost</i>	3,020,299	3,020,299
Buildings and improvements <i>At cost</i> <i>Accumulated depreciation and impairment loss</i>	8,909,228 (2,854,283)	9,305,364 (2,683,905)
	6,054,945	6,621,459
Total Land and Buildings	9,075,244	9,641,758
Plant and equipment <i>At cost</i> <i>Accumulated depreciation</i>	2,888,116 (2,081,609)	2,854,201 (2,007,262)
	806,507	846,939
Poker machines <i>At cost</i> <i>Accumulated depreciation</i>	3,434,472 (2,286,450)	3,298,601 (2,135,503)
	1,148,002	1,163,098
Motor vehicles <i>At cost</i> <i>Accumulated depreciation</i>	101,436 (55,256)	95,237 (72,629)
	46,180	22,609
Leased plant and equipment <i>At capitalised cost</i> <i>Accumulated amortisation</i>	46,526 (46,526)	46,526 (46,526)
	-	-
Capital works in progress <i>At cost</i>	224,343	181,358
Total property, plant and equipment net book value	11,300,296	11,855,762

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

4 Property, Plant and Equipment (continued)

Valuation

The independent valuation by Chaloner Valuations of the company's freehold land and buildings was carried out at 30 June 2017 on 1 February 2017 on the basis of open market value for existing use resulted in a valuation of \$12,685,000. As freehold land and buildings are recorded at cost the valuation has not been brought to account.

Reconciliations

	2019 \$	2018 \$
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land		
Carrying amount at beginning of year	3,020,299	839,150
Additions	-	2,181,149
	<hr/>	<hr/>
Carrying amount at end of year	3,020,299	3,020,299
	<hr/>	<hr/>
Buildings and Improvements		
Carrying amount at beginning of year	6,621,459	5,729,128
Additions	77,230	1,195,906
Depreciation	(360,611)	(303,575)
Disposals	(283,133)	-
	<hr/>	<hr/>
Carrying amount at end of year	6,054,945	6,621,459
	<hr/>	<hr/>
Plant and Equipment		
Carrying amount at beginning of year	846,939	935,812
Additions	134,595	88,596
Depreciation	(171,652)	(175,594)
Disposals	(3,375)	(1,875)
	<hr/>	<hr/>
Carrying amount at end of year	806,507	846,939
	<hr/>	<hr/>

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

4 Property, Plant and Equipment (continued)

Reconciliations (continued)

	2019 \$	2018 \$
Poker Machines		
Carrying amount at beginning of year	1,163,098	1,151,226
Additions	462,964	487,707
Depreciation	(463,794)	(474,787)
Disposals	(14,246)	(1,048)
	<hr/>	<hr/>
Carrying amount at end of year	1,148,022	1,163,098
	<hr/>	<hr/>
Motor Vehicles		
Carrying amount at beginning of year	22,609	37,838
Additions	57,108	-
Depreciation	(17,079)	(15,229)
Disposals	(16,458)	-
	<hr/>	<hr/>
Carrying amount at end of year	46,180	22,609
	<hr/>	<hr/>
Capital Works in Progress		
Carrying amount at beginning of year	181,358	183,116
Additions	44,625	5,000
Disposals	(1,640)	(6,758)
	<hr/>	<hr/>
Carrying amount at end of year	224,343	181,358
	<hr/>	<hr/>

Recognition and Measurement

Freehold land and buildings (including investment properties per Note 5) are shown at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

4 Property, Plant and Equipment (continued)

Recognition and Measurement (continued)

	2019	2018
Buildings and improvements	2.5% - 12.5%	1% - 12.5%
Plant and equipment	5% - 33%	5% - 33%
Motor vehicles	12.5% - 20%	12.5% - 20%
Poker machines	14% - 20%	14% - 20%
Leased plant and equipment	20%	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Key Estimate and Judgement: Estimated Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and investment property. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Core and Non-Core Properties

The following are core properties:

1-11 Charlotte Street, Ashfield, NSW

The following are non-core properties:

13-15 Charlotte Street, Ashfield, NSW

22 Denning Street, The Entrance, NSW (held as investment property)

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
5 Investment Properties		
Freehold Land		
<i>At cost</i>	97,500	97,500
	<hr/>	<hr/>
Buildings		
<i>At cost</i>	32,500	32,500
<i>Accumulated depreciation</i>	(8,937)	(8,125)
	<hr/>	<hr/>
	23,563	24,375
	<hr/>	<hr/>
Furniture and Fittings		
<i>At cost</i>	75,018	45,448
<i>Accumulated depreciation</i>	(32,038)	(30,386)
	<hr/>	<hr/>
	42,980	15,062
	<hr/>	<hr/>
Total investment properties at net book value	164,043	136,937
	<hr/>	<hr/>

Reconciliations

Movements in Carrying Amounts

Movements in the carrying amounts between the beginning and the end of the current financial year are set out below:

Buildings		
Carrying amount at beginning of year	24,375	25,188
Depreciation	(812)	(813)
	<hr/>	<hr/>
Carrying amount at end of year	23,563	24,375
	<hr/>	<hr/>
Furniture and Fittings		
Carrying amount at beginning of year	15,062	16,456
Additions	29,612	-
Depreciation	(1,694)	(1,394)
	<hr/>	<hr/>
Carrying amount at end of year	42,980	15,062
	<hr/>	<hr/>

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Investment Properties (continued)

Valuation

The independent valuation of the company's land and buildings was carried out as at 30 June 2017 on the basis of open market value for existing use resulted in a valuation of land and buildings of \$1,325,000. As investment properties are recorded at cost the valuation has not been brought to account.

Key Estimate and Judgement: Estimated Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its investment property. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recognition and Measurement

Investment properties, principally comprising holiday units, are primarily held for long-term rental yields and are not occupied by the company. Investment properties are carried at cost.

	2019 \$	2018 \$
6 Intangible Assets		
Non-Current		
Poker machine entitlements - at cost	667,324	667,324
	<hr/>	<hr/>
Net book amount	667,324	667,324
	<hr/>	<hr/>

Entitlement

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the poker machine entitlements

- 7.78% (2018: 7.78%) pre-tax discount rate;
- 2.00% - 2.50% (2018: 2.00% - 2.50%) per annum projected revenue growth rate;
- 2.00% - 2.50% (2018: 2.00% - 2.50%) per annum increase in operating costs and overheads.

Sensitivity

The directors have made judgements and estimates with respect to impairment testing of poker entitlements. If there are significant negative changes in the key assumptions on which the recoverable amount of poker entitlements is based, this may result in impairment of gaming divisions' poker entitlements.

Management believes that reasonable changes in the key assumptions on which the recoverable amount of gaming division's poker entitlements is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

6 Intangible Assets (continued)

Recognition and Measurement

Poker Machine Entitlements

Poker machine entitlements are not amortised as they are deemed to have an indefinite useful life. They have an indefinite useful life as they do not expire and under current government legislation there is no plan to remove such entitlements. As a result, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Key Estimate and Judgement: Recoverability of intangible Assets

Impairment of poker machine entitlements is assessed based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the company from the use of these licenses. In determining the present value of the cash inflows, growth rates and appropriate discount factors have been considered.

	2019 \$	2018 \$
7 Trade and Other Payables		
Trade creditors	76,143	202,944
Goods and services tax (GST) payable	105,839	86,069
Other creditors and accruals	316,512	277,466
	<hr/>	<hr/>
	498,494	566,479
	<hr/>	<hr/>

Recognition and Measurement

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

Payables in the Statement of Financial Position are shown inclusive of GST.

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

8 Employee Benefits

Aggregate liability for employee benefits including on-costs:

	2019 \$	2018 \$
Current	424,073	414,684
Non-current	19,129	12,659
	<hr/>	<hr/>
	443,202	427,343
	<hr/>	<hr/>
	%	%

The present values of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	1.30%	1.90%
Discount rate	1.32%	2.51%

Recognition and Measurement

Wages, Salaries, Annual Leave, Sick Leave and Non-Monetary Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date including related on-costs.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Key Estimate and Judgement: Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
9 Financial Liabilities		
Non-Current		
Bank loan- secured	3,200,000	3,700,000
	<hr/>	<hr/>
Financing Arrangements		
The company has access to the following lines of credit:	3,200,000	3,700,000
	<hr/>	<hr/>

As at 30 June 2019, \$3,200,000 of this facility has been used (2018: \$3,700,000).

Bank Loans

All bank loans are denominated in Australian dollars. The bank loans' non-current balance represents the portion of the company's bank loans not due within one year. The above balances are loan principal payments only.

Security

The bank overdraft and bank loans are secured by registered first mortgages over the assets of the company. The current bank loans are payable on or before 15 February 2021, and are subject to annual review.

Details of security for all the bank facilities:

- First Registered Mortgage by Ashfield Catholic and Community Club Limited ACN 000 425 294 over Non Residential Real Property located at 1-11 Charlotte Street, Ashfield NSW 2131.
- First Registered Company Charge by Ashfield Catholic and Community Club Limited ACN 000 425 294 over whole of its assets and undertakings including uncalled capital.

Recognition and Measurement

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

10 Commitments

Non Cancellable Commitments

	2019 \$	2018 \$
Future license commitments not provided for in the financial statements and payable:		
Within one year	39,000	76,850
One year or later and no later than five years	-	39,000
Future capital expenditure commitments not provided for in the financial statements and payable:		
Within one year	49,087	-
One year or later and no later than five years	-	-
	<hr/> 88,087	<hr/> 115,850
	<hr/>	<hr/>

The company renewed its carpark license effective 1 January 2017 for a period of three years. The license of property generally provides the company with a right of renewal at which time all terms are renegotiated. License payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

	2019 \$	2018 \$
11 Contingent Liabilities		
Bank Guarantees		
The company has given the following bank guarantees:		
TAB Limited	5,000	5,000
	<hr/> 5,000	<hr/> 5,000
	<hr/>	<hr/>

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

12 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

FARRY, Michael Anthony
 CHANNELLS, John Richard
 BORMANS, Alexander
 HUDSON, Brian Joseph
 FREEMAN, Lorraine
 DIXON, Peter (appointed 23 October 2018)
 YANIV, Christina (appointed 23 October 2018)

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Robert Cassano	Chief Executive Officer
Vincent Di Maio	Chief Operating Officer
Irene Giorgianni	Chief Financial Officer

(c) Key Management Personnel Compensation

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

	2019 \$	2018 \$
Benefits and payments made to Directors and Other Key Management Personnel	459,946	457,368

Directors' Transactions with the Company

From time to time directors of the company may purchase goods from the company or participate in other Club activities. These purchases and participations are on the same terms and conditions as those entered into by any other member of the Club.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the year end.

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

13 Related Parties

Disclosures relating to key management personnel are set out in Note 12.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

14 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total amount that the members of the company are liable to contribute if the company is wound up is \$7,872 (2018: \$8,150).

At 30 June 2019 there were 3,936 members (2018: 4,075).

The registered office of the company is 1-11 Charlotte Street, Ashfield NSW 2131.

15 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have 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 year.

16 Summary of Other Significant Accounting Policies

The other significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Ashfield Catholic and Community Club Limited

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.