
Ashfield Catholic and Community Club Limited

ABN 73 000 425 294

Annual Financial Report
30 June 2018

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 2018.

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 13 July 2018. Board Member since 2004. Member since 1966. Financial director from 2004 to 2009. Retired Bank Manager. Justice of the Peace. Life member. |
| McCARTNEY, Helen (resigned 13 July 2018) | President from 2012 to 13 July 2018. Board member since 2006. Member since 1993. Financial director from 2009 to 2011. Retired Bank Officer for St George Bank Ltd. |
| CHANNELLS, John Richard | Board Member since 2004. Member since Foundation. Part-time D.E.T. Previously 30 years as a teacher at De La Salle College. Dip Ed Industrial Arts. |
| BORMANS, Alexander | 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 Past member of Ashfield Cricket Club. |
| HUDSON, Brian Joseph | Vice President till October 2011. Board Member since 1995. Member since 1967. Retired Public Servant. Committee Member of the ACC Cricket Club since its inception 1974-1975. |
| McNALLY, Kerry Michael (deceased 2 December 2017) | Board Member since 2011. Current Director of Tradeweb Pty Ltd and Ozventures Pty Ltd. Sales manager of CarpetsLinoTiles since 2005. Computer networking and software engineer. Justice of the Peace since 1970. Associate member of the Australian Marketing Institute since 1984 with Marketing Diploma requirement. Member of Ashfield Toastmasters Club with DTM level. Finance Director since 2012. |
| 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. |

Ashfield Catholic and Community Club Limited

Directors' Report (continued)

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 | 13 | 14 |
| McCARTNEY, Helen (resigned, 13 July 2018) | 10 | 14 |
| CHANNELLS, John Richard | 12 | 14 |
| HUDSON, Brian Joseph | 12 | 14 |
| McNALLY, Kerry Michael (deceased 2 December 2017) | 7 | 7 |
| BORMANS, Alexander | 14 | 14 |
| FREEMAN, Lorraine | 13 | 14 |

* 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 2018 and the comparison with last year is as follows:

| 2018 | 2017 |
|-------|-------|
| 4,075 | 4,130 |

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 \$8,150 (2017: \$8,260).

Operating result

The net profit before tax for the year amounted to \$338,481 compared with \$277,038 for the prior year. This resulted after charging \$971,392 (2017: \$961,070) for depreciation and before crediting \$48,621 for an income tax benefit (2017: \$586).

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

| | 2018 | 2017 |
|---------------------------|--------------------|--------------------|
| Bar | | |
| Gross profit percentage | 58.4% | 58.7% |
| Wages to sales percentage | 21.3% | 22.3% |
| Gaming | | |
| Gross Revenue | \$4,931,913 | \$4,909,273 |
| Gross Revenue per machine | \$48,831 | \$48,607 |
| Wages to sales percentage | 7.9% | 7.9% |
| EBITDA | \$1,381,835 | \$1,328,670 |
| EBITDA % | 21.5% | 21.2% |

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 14th day of August 2018.



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 2018, 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, 14 August 2018

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 2018, 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 2018 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

BDO East Coast Partnership



Paul Cheeseman
Partner

Sydney, 14 August 2018

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 2018 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 14th day of August 2018.



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 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|-------------|-------------|
| Revenue | | | |
| Sale of goods | | 1,386,575 | 1,325,682 |
| Rendering of services | | 4,796,037 | 4,803,723 |
| Other revenue | | 144,214 | 83,487 |
| | | <hr/> | <hr/> |
| Total revenue | 1 | 6,326,826 | 6,212,892 |
| | | <hr/> | <hr/> |
| Other income | 1 | 88,395 | 43,233 |
| | | <hr/> | <hr/> |
| Expenses | | | |
| Raw materials consumed | | (561,391) | (531,285) |
| Depreciation expense | 2 | (971,392) | (961,070) |
| Employee benefits expense | | (1,708,417) | (1,648,004) |
| Finance costs | 2 | (125,927) | (96,741) |
| Entertainment, marketing and promotional costs | | (653,152) | (639,756) |
| Poker machine licences and taxes | | (884,082) | (845,862) |
| Property expenses | | (672,940) | (690,266) |
| Other expenses | | (548,060) | (566,103) |
| | | <hr/> | <hr/> |
| Total expenses | | (6,125,361) | (5,979,087) |
| | | <hr/> | <hr/> |
| Profit before income tax benefit | | 289,860 | 277,038 |
| Income tax benefit | 3(a) | 48,621 | 586 |
| | | <hr/> | <hr/> |
| Net profit after income tax expense attributable to members | | 338,481 | 277,624 |
| | | <hr/> | <hr/> |
| Other comprehensive income | | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year attributable to members | | 338,481 | 277,624 |
| | | <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 2018

| | Note | 2018 \$ | 2017 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,425,963 | 1,454,068 |
| Trade and other receivables | | 27,262 | 23,148 |
| Inventories | | 40,585 | 38,275 |
| Prepayments | | 82,354 | 115,212 |
| Total Current Assets | | 1,576,164 | 1,630,703 |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 11,855,762 | 8,876,270 |
| Investment properties | 5 | 136,937 | 139,144 |
| Deferred tax assets | 3(c) | 287,015 | 257,948 |
| Intangible assets | 6 | 667,324 | 667,324 |
| Total Non-Current Assets | | 12,947,038 | 9,940,686 |
| Total Assets | | 14,523,202 | 11,571,389 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 7 | 566,479 | 600,438 |
| Employee benefits | 8 | 414,684 | 417,149 |
| Financial liabilities | 9 | - | 1,034,697 |
| Income received in advance | | 5,729 | 6,297 |
| Total Current Liabilities | | 986,892 | 2,058,581 |
| Non-Current Liabilities | | | |
| Deferred tax liabilities | 3(b) | 454 | 20,008 |
| Employee benefits | 8 | 12,659 | 9,719 |
| Financial liabilities | 9 | 3,700,000 | - |
| Income received in advance | | 8,448 | 6,813 |
| Total Non-Current Liabilities | | 3,721,561 | 36,540 |
| Total Liabilities | | 4,708,453 | 2,095,121 |
| Net Assets | | 9,814,749 | 9,476,268 |
| Members' Funds | | | |
| Retained profits | | 9,814,749 | 9,476,268 |
| Total Members' Funds | | 9,814,749 | 9,476,268 |

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 2018

| | Retained Profits \$ | Total Members' Funds \$ |
|---|---------------------------|----------------------------------|
| Balance at 1 July 2016 | 9,198,644 | 9,198,644 |
| Net profit after income tax benefit for the year | 277,624 | 277,624 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 277,624 | 277,624 |
| Balance at 30 June 2017 | 9,476,268 | 9,476,268 |
| Net profit after income tax benefit for the year | 338,481 | 320,802 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 338,481 | 320,802 |
| Balance at 30 June 2018 | 9,814,749 | 9,797,070 |

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 2018

| | 2018 \$ | 2017 \$ |
|---|-------------|-------------|
| Cash Flows From Operating Activities | | |
| Cash receipts in the course of operations (incl. GST) | 6,807,714 | 6,742,520 |
| Cash payments in the course of operations (incl. GST) | (5,661,335) | (5,501,352) |
| Interest received | 5,344 | 6,179 |
| Rent received | 138,870 | 77,308 |
| Finance costs paid | (125,927) | (96,741) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 1,164,666 | 1,227,914 |
| | <hr/> | <hr/> |
| Cash Flows From Investing Activities | | |
| Payment for property, plant and equipment | (3,958,358) | (767,198) |
| Proceeds from sale of property, plant and equipment | 100,284 | 57,445 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (3,858,074) | (709,753) |
| | <hr/> | <hr/> |
| Cash Flows From Financing Activities | | |
| Proceeds from borrowings | 3,700,000 | - |
| Repayment of borrowings | (1,034,697) | (96,837) |
| | <hr/> | <hr/> |
| Net cash inflow from / (used in) financing activities | 2,665,303 | (96,837) |
| | <hr/> | <hr/> |
| Net (decrease) / increase in cash and cash equivalents | (28,105) | 421,324 |
| Cash and cash equivalents at the beginning of the financial year | 1,454,068 | 1,032,744 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 1,425,963 | 1,454,068 |
| | <hr/> <hr/> | <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 2018

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 14 August 2018.

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;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 July 2017; and
- Have been prepared on a going concern basis.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

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 2018

| | 2018 \$ | 2017 \$ |
|--|-------------|-------------|
| 1 Revenue and Other Income | | |
| Sale of Goods Revenue | | |
| Bar sales | 1,015,693 | 978,698 |
| Catering sales | 370,882 | 346,984 |
| | <hr/> | <hr/> |
| | 1,386,575 | 1,325,682 |
| | <hr/> | <hr/> |
| Rendering of Services Revenue | | |
| Poker machines - net clearances | 4,500,737 | 4,480,156 |
| Commissions received | 82,661 | 81,110 |
| Members' subscriptions | 10,327 | 13,742 |
| Entertainment and promotions | 124,982 | 137,956 |
| Sundry income | 77,330 | 90,759 |
| | <hr/> | <hr/> |
| | 4,796,037 | 4,803,723 |
| | <hr/> | <hr/> |
| Other Revenue | | |
| Interest received | 5,344 | 6,179 |
| Rent received - Investment Properties | 118,070 | 59,108 |
| Rent received - Catering | 20,800 | 18,200 |
| | <hr/> | <hr/> |
| | 144,214 | 83,487 |
| | <hr/> | <hr/> |
| Total Revenue | 6,326,826 | 6,212,892 |
| | <hr/> | <hr/> |
| Other Income | | |
| Net gain on disposal of non-current assets | 88,395 | 43,233 |
| | <hr/> | <hr/> |
| Total Other Income | 88,395 | 43,233 |
| | <hr/> | <hr/> |
| Total Revenue and Other Income | 6,415,221 | 6,256,125 |
| | <hr/> <hr/> | <hr/> <hr/> |

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

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 2018

| | 2018 \$ | 2017 \$ |
|--|------------|------------|
| 2 Expenses | | |
| Profit before income tax includes the following specific expenses: | | |
| Depreciation | | |
| Buildings and improvements | 303,575 | 309,664 |
| Plant and equipment | 175,594 | 174,068 |
| Poker machines | 474,787 | 459,947 |
| Motor vehicle | 15,229 | 15,230 |
| Investment properties - Building and improvements | 813 | 812 |
| Investment properties - Plant and equipment | 1,394 | 1,349 |
| | <hr/> | <hr/> |
| Total depreciation | 971,392 | 961,070 |
| | <hr/> | <hr/> |
| Finance costs | | |
| Interest charges | 125,927 | 96,741 |
| | <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 2018

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.

| | 2018 \$ | 2017 \$ |
|---|-----------------|----------------|
| 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 | 890,478 | 770,081 |
| Less: Proportion of expenses attributable to non-members | (756,398) | (651,095) |
| | <u>134,080</u> | <u>118,986</u> |
| Add: Other taxable income | 539,561 | 468,867 |
| | <u>673,641</u> | <u>587,853</u> |
| Less: Other deductible expenses | (767,008) | (668,509) |
| transfer to tax losses carried forward | 93,367 | 80,656 |
| | <u>-</u> | <u>-</u> |
| Net income subject to tax | - | - |
| Income tax applicable to above at tax rate of 27.5% (2017: 27.5%) | - | - |
| Movement in deferred tax asset | (29,067) | 4,259 |
| Movement in deferred tax liability | (19,554) | (4,845) |
| | <u>(48,621)</u> | <u>(586)</u> |

(b) Deferred Tax Liabilities

Provision for deferred income tax comprises the estimated expense at the applicable rate of 27.5% (2017: 27.5%) on the following items:

Difference in depreciation of buildings for accounting and income tax purposes

| | | |
|---|------------|---------------|
| | <u>454</u> | <u>20,008</u> |
| Movements during the year: | | |
| Balance at the beginning of the year | 20,008 | 24,853 |
| Benefit / (expense) to the Statement of Profit or Loss and Other Comprehensive Income | 19,554 | (4,845) |
| | <u>454</u> | <u>20,008</u> |
| Closing balance | <u>454</u> | <u>20,008</u> |

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2018

3 Income Tax (continued)

| | 2018 \$ | 2017 \$ |
|---|-------------|-------------|
| (c) Deferred Tax Assets | | |
| The balance comprises temporary differences attributable to: | | |
| Employee benefits | 17,903 | 15,710 |
| Tax losses | 269,112 | 242,238 |
| | <hr/> | <hr/> |
| Net deferred tax assets | 287,015 | 257,948 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Movements during the year: | | |
| Opening Balance | 257,948 | 262,207 |
| Benefit / (expense) to the Statement of Profit or Loss and Other Comprehensive Income | 29,067 | (4,259) |
| | <hr/> | <hr/> |
| Closing balance | 287,015 | 257,948 |
| | <hr/> <hr/> | <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 2018

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 2018

| | 2018 \$ | 2017 \$ |
|---|--------------------------|--------------------------|
| 4 Property, Plant and Equipment | | |
| Freehold land <i>At cost</i> | 3,020,299 | 839,150 |
| Buildings and improvements <i>At cost</i> <i>Accumulated depreciation and impairment loss</i> | 9,305,364 (2,683,905) | 8,106,096 (2,376,968) |
| | 6,621,459 | 5,729,128 |
| Total Land and Buildings | 9,641,758 | 6,568,278 |
| Plant and equipment <i>At cost</i> <i>Accumulated depreciation</i> | 2,854,201 (2,007,262) | 2,931,887 (1,996,075) |
| | 846,939 | 935,812 |
| Poker machines <i>At cost</i> <i>Accumulated depreciation</i> | 3,298,601 (2,135,503) | 3,067,722 (1,916,496) |
| | 1,163,098 | 1,151,226 |
| Motor vehicles <i>At cost</i> <i>Accumulated depreciation</i> | 95,237 (72,629) | 95,238 (57,400) |
| | 22,609 | 37,838 |
| Leased plant and equipment <i>At capitalised cost</i> <i>Accumulated amortisation</i> | 45,526 (45,526) | 46,526 (46,526) |
| | - | - |
| Capital works in progress <i>At cost</i> | 181,358 | 183,116 |
| Total property, plant and equipment net book value | 11,855,762 | 8,876,270 |

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2018

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 the basis of open market value for existing use resulted in a valuation of \$9,600,000. Additions since that date amount to \$3,377,055. As freehold land and buildings are recorded at cost the valuation has not been brought to account.

Reconciliations

| | 2018 \$ | 2017 \$ |
|--|-------------|-------------|
| 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 | 839,150 | 839,150 |
| Additions | 2,181,149 | - |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 3,020,299 | 839,150 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Buildings and Improvements | | |
| Carrying amount at beginning of year | 5,729,128 | 5,912,338 |
| Additions | 1,195,906 | 126,454 |
| Depreciation | (303,575) | (309,664) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 6,621,459 | 5,729,128 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Plant and Equipment | | |
| Carrying amount at beginning of year | 935,812 | 794,461 |
| Additions | 88,596 | 329,074 |
| Depreciation | (175,594) | (174,068) |
| Disposals | (1,875) | (13,655) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 846,939 | 935,812 |
| | <hr/> <hr/> | <hr/> <hr/> |

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2018

4 Property, Plant and Equipment (continued)

Reconciliations (continued)

| | 2018 \$ | 2017 \$ |
|--------------------------------------|------------|------------|
| Poker Machines | | |
| Carrying amount at beginning of year | 1,151,226 | 1,318,050 |
| Additions | 487,707 | 293,681 |
| Depreciation | (474,787) | (459,947) |
| Disposals | (1,048) | (558) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 1,163,098 | 1,151,226 |
| | <hr/> | <hr/> |
| Motor Vehicles | | |
| Carrying amount at beginning of year | 37,838 | 53,068 |
| Depreciation | (15,229) | (15,230) |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 22,609 | 37,838 |
| | <hr/> | <hr/> |
| Capital Works in Progress | | |
| Carrying amount at beginning of year | 183,116 | 171,916 |
| Additions | 5,000 | 11,200 |
| Disposals | (6,758) | - |
| | <hr/> | <hr/> |
| Carrying amount at end of year | 181,358 | 183,116 |
| | <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 2018

4 Property, Plant and Equipment (continued)

Recognition and Measurement (continued)

| | 2018 | 2017 |
|----------------------------|-------------|-------------|
| Buildings and improvements | 1% - 12.5% | 1% - 12.5% |
| Plant and equipment | 5% - 33% | 5% - 33% |
| Motor vehicles | 12.5% - 20% | 12.5% - 20% |
| Poker machines | 14% - 20% | 20% - 30% |
| 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 2018

| | 2018 \$ | 2017 \$ |
|---|--------------------|--------------------|
| 5 Investment Properties | | |
| Freehold Land <i>At cost</i> | 97,500 | 97,500 |
| Buildings <i>At cost</i> <i>Accumulated depreciation</i> | 32,500 (8,125) | 32,500 (7,312) |
| | 24,375 | 25,188 |
| Furniture and Fittings <i>At cost</i> <i>Accumulated depreciation</i> | 45,448 (30,386) | 45,448 (28,992) |
| | 15,062 | 16,456 |
| Total investment properties at net book value | 136,937 | 139,144 |

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 | 25,188 | 26,000 |
| Depreciation | (813) | (812) |
| Carrying amount at end of year | 24,375 | 25,188 |

Furniture and Fittings

| | | |
|--------------------------------------|---------|---------|
| Carrying amount at beginning of year | 16,456 | 11,014 |
| Additions | - | 6,791 |
| Depreciation | (1,394) | (1,349) |
| Carrying amount at end of year | 15,062 | 16,456 |

Ashfield Catholic and Community Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2018

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 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.

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.

6 Intangible Assets

| | 2018 \$ | 2017 \$ |
|--------------------------------------|------------|------------|
| 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

- a. 7.78% (2017: 7.78%) pre-tax discount rate;
- b. 2.00% - 2.50% (2017: 2.00%) per annum projected revenue growth rate;
- c. 2.00% - 2.50% (2017: 1.50%) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2018

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.

| | 2018 \$ | 2017 \$ |
|--------------------------------------|------------|------------|
| 7 Trade and Other Payables | | |
| Trade creditors | 202,944 | 252,136 |
| Goods and services tax (GST) payable | 86,069 | 95,674 |
| Other creditors and accruals | 277,466 | 252,628 |
| | <hr/> | <hr/> |
| | 566,479 | 600,438 |
| | <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 2018

| 8 Employee Benefits | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Aggregate liability for employee benefits including on-costs: | | |
| Current | 414,684 | 417,149 |
| Non-current | 12,659 | 9,719 |
| | 427,343 | 426,868 |
| | % | % |

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 | 1.90% | 1.30% |
| Discount rate | 2.51% | 2.60% |

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 2018

| | 2018 \$ | 2017 \$ |
|--|------------|------------|
| 9 Financial Liabilities | | |
| Current | | |
| Bank loan - secured | - | 1,034,697 |
| | <hr/> | <hr/> |
| Non-Current | | |
| Bank loan- secured | 3,700,000 | - |
| | <hr/> | <hr/> |
| Financing Arrangements | | |
| The company has access to the following lines of credit: | 3,700,000 | 2,000,000 |
| | <hr/> | <hr/> |

As at 30 June 2018, \$3,700,000 of this facility has been used (2017: \$1,034,697).

Bank Loans

All bank loans are denominated in Australian dollars. The bank loan amounts in current liabilities comprises the portion of the company's bank loan payable within one year. 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 2018

10 Commitments

Non Cancellable License Expense Commitments

| | 2018 \$ | 2017 \$ |
|--|---------------|---------------|
| Future license commitments not provided for in the financial statements and payable: | | |
| Within one year | 76,850 | 74,600 |
| One year or later and no later than five years | 39,000 | 115,850 |
| | <hr/> 115,850 | <hr/> 190,450 |
| | <hr/> <hr/> | <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.

11 Contingent Liabilities

Bank Guarantees

The company has given the following bank guarantees:

| | 2018 \$ | 2017 \$ |
|------------------|-------------|--------------|
| TAB Limited | 5,000 | 5,000 |
| Ashfield Council | - | 67,000 |
| | <hr/> 5,000 | <hr/> 72,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

Ashfield Catholic and Community Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

12 Key Management Personnel Details

(a) Directors

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

FARRY, Michael Anthony (appointed as president 13 July 2018)
 McCARTNEY, Helen (resigned 13 July 2018)
 CHANNELLS, John Richard
 BORMANS, Alexander
 HUDSON, Brian Joseph
 FREEMAN, Lorraine
 McNALLY, Kerry Michael (deceased 2 December 2017)

(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:

| | 2018 | 2017 |
|--|-------------|-------------|
| | \$ | \$ |
| Benefits and payments made to Directors and Other Key Management Personnel | 432,144 | 437,246 |
| | <hr/> | <hr/> |

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 2018

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 \$8,150 (2017: \$8,260).

At 30 June 2018 there were 4,075 members (2017: 4,130).

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
Notes to the Financial Statements
For the Year Ended 30 June 2018

16 Summary of Other Significant Accounting Policies (continued)

(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.