
Cabra-Vale Ex-Active Servicemen's Club Limited

ABN 28 000 102 269

**Annual Financial Report
30 June 2017**

Cabra-Vale Ex-Active Servicemen's Club Limited

Directors' Report

The directors present their report, together with the financial statements of Cabra-Vale Ex-Active Servicemen's Club Limited (the company) for the year ended 30 June 2017.

Directors

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

Name	Occupation	Membership	Special Duties	Experience
Taylor, George	Retired	46 years	President	16 years Director
Eldridge, Leslie	Retired	19 years	Vice President	13 years Director
McKellar, Darryl Graham	Retired	27 years	Director	6 years Director
Dillon, John James	Pool Technician	37 years	Director	9½ years Director
Campbell, Patrick John	Retired	3 years	Director	2 years Director
McDonough, Thomas John	Retired	53 years	Director	32 years Director
Bramman, Raymond Gordon	Retired	28 years	Director	4 years Director
Saddler, Edward Arthur	Retired	45 years	Director	3 years Director
Sharp, Lindsay Hilton	Retired	10 years	Director	2 years Director

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held
Taylor, George	20	20
Eldridge, Leslie	18	20
Mckellar, Darryl Graham	18	20
Dillon, John James	18	20
Campbell, Patrick John	18	20
McDonough, Thomas John	15	20
Bramman, Raymond Gordon	19	20
Saddler, Edward Arthur	20	20
Sharp, Lindsay Hilton	18	20

Cabra-Vale Ex-Active Servicemen's Club Limited

Directors' Report

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 30 June 2017 and the comparison with last year is as follows:

	2017	2016
Ex-Active Service	122	124
Service	93	76
Social	60,179	59,406
	<hr/>	<hr/>
	60,394	59,606
	<hr/>	<hr/>

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 (2016: \$2) in the event of the winding up of the company during the time that he/she is a member or within one year thereafter. The total liability in the event of winding up is \$120,788 (2016: \$119,212).

Operating result

The net profit before tax for the year amounted to \$15,310,556 compared with \$16,028,146 for the prior year. This resulted after charging \$6,520,565 (2016: \$6,475,213) for depreciation and before charging income tax expense of \$720,331 (2016: \$618,187).

Objectives

Short term

To be the innovative Club in the South West of Sydney by exceeding the expectations of the membership.

To maintain and improve upon the patron experience by offering quality customer service in an environment that is appreciated by all who visit the Club.

Long term

Diversify our services to members and community, while maintaining our values and standards to remain a leader of the Club and Hospitality industry, including to:

- Provide a responsible and ethical approach to all our services;
- Provide a safe, sustainable environment for all;
- Make our members and guests visit, entertaining, relaxing, enjoyable and fun;
- Service our members and guests with a genuine smile, a friendly welcome and quick, effective and quality service;
- Provide and continuously improve our quality of food, beverages, and entertainment, gaming and other services;
- Increase our engagement at every level with the local community.

Cabra-Vale Ex-Active Servicemen's Club Limited

Directors' Report

Strategy for achieving the objectives

The Club is implementing a number of strategies to achieve the objectives, including:

- A complete refurbishment of the restaurant and café by late 2017. This includes a new Brassiere with seating capacity of 250 (opened in January 2017) and an authentic 'Asian Style Eat Street' eatery which includes a 90 seater A la Carte Chinese restaurant with total seating capacity of 550 plus (opening in September 2017).
- Revitalisation of the Club precinct with new bowling greens by 2018 (Stage 1).
- An underground parking, new entertainment venue and a new Gaming facility by 2019 (Stage 2).
- Construction of a 120 room Hotel by 2020 (Stage 3).
- Development of the Campbelltown Club and arcade premises.
- Increasing and promoting community engagement.
- Developing and improving our environmental sustainability.
- Increasing membership by maximising the engagement with all our sub clubs.

Principal activity

The principal activity of the company during the year has continued to be licensed social clubs.

How this activity assists in achieving the objectives

Operating the licensed social clubs to generate the revenue and cash flows to achieve our objectives.

Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance. The club uses the gross profit percentage and wages to sales percentage to measure the financial performance of departments such as Bars, Catering, etc. The Club also uses EBITDA percentage to measure the financial performance of the Club as a whole. In addition, the Club uses information from Club Data-online and Clubs NSW to measure the Club's strategic position at an industry benchmark level.

	2017	2016
	%	%
Key Performance Indicators		
Bar		
Gross profit percentage	56.86	59.06
Wages to sales percentage	44.93	45.33
Catering		
Gross profit percentage	55.85	60.18
Wages to sales percentage	54.84	59.36
Wages and salaries - percentage of total revenue	20.43	19.71
EBITDA percentage	27.56	27.70

Cabra-Vale Ex-Active Servicemen's Club Limited

Directors' Report

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 Canley Vale this 8th day of August 2017.

G Taylor
President

L Eldridge
Vice President

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF CABRA-VALE EX-ACTIVE SERVICEMEN'S CLUB LIMITED

As lead auditor of Cabra-Vale Ex-Active Servicemen's Club Limited for the year ended 30 June 2017, 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

Canley Vale, 8 August 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Cabra-Vale Ex-Active Servicemen's Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cabra-Vale Ex-Active Servicemen's Club Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity 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 Cabra-Vale Ex-Active Servicemen's 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 2017 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 and Detailed Profit and Loss Account, 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 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 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

Canley Vale, 8 August 2017

Cabra-Vale Ex-Active Servicemen's Club Limited

Directors' Declaration

The directors of Cabra-Vale Ex-Active Servicemen's Club Limited declare that:

- (a) In the directors' opinion the financial statements and notes set out on pages 9 to 31, 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 2017 and of its 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 Canley Vale this 8th day of August 2017

G Taylor
President

L Eldridge
Vice President

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Sale of goods revenue		8,269,894	8,539,827
Rendering of services revenue		68,500,802	70,545,690
Other income		2,430,572	2,054,045
		<hr/>	<hr/>
Total revenue and other income	1	79,201,268	81,139,562
		<hr/>	<hr/>
Other income	1	748,498	644,204
		<hr/>	<hr/>
Expenses			
Cost of sales		(3,914,092)	(3,763,908)
Employee benefits expense		(16,183,188)	(15,993,476)
Depreciation expense		(6,520,565)	(6,475,213)
Entertainment, marketing and promotional costs		(7,916,624)	(8,049,581)
Poker machine licences and taxes		(17,784,105)	(18,401,143)
Occupancy expenses		(8,177,511)	(8,612,586)
Other expenses		(4,143,125)	(4,459,713)
		<hr/>	<hr/>
		(64,639,210)	(65,755,620)
		<hr/>	<hr/>
Profit before income tax expense		15,310,556	16,028,146
Income tax expense	2(a)	(720,331)	(618,187)
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		14,590,225	15,409,959
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		14,590,225	15,409,959
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 13 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Financial Position
As at 30 June 2017

ASSETS	Note	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents		32,007,606	52,797,941
Trade and other receivables	3	1,217,963	467,929
Other financial assets	4	29,519,847	3,472,333
Inventories		304,660	329,481
Prepayments and deposits		200,923	82,492
Total Current Assets		<u>63,250,999</u>	<u>57,150,176</u>
Non-Current Assets			
Property, plant and equipment	5	86,796,344	76,585,683
Investment property	6	11,529,005	11,466,940
Deferred tax assets	2(c)	118,502	117,490
Intangible assets	7	6,446,619	6,446,619
Total Non-Current Assets		<u>104,890,470</u>	<u>94,616,732</u>
Total Assets		<u>168,141,469</u>	<u>151,766,908</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	8	6,294,674	4,634,197
Provision for mortality fund		307,825	315,700
Provision for income tax	2(d)	102,488	153,659
Employee benefits	9	3,400,788	3,265,987
Income received in advance		239,706	193,963
Total Current Liabilities		<u>10,345,481</u>	<u>8,563,506</u>
Non-Current Liabilities			
Employee benefits	9	283,356	286,041
Income received in advance		162,061	157,015
Total Non-Current Liabilities		<u>445,417</u>	<u>443,056</u>
Total Liabilities		<u>10,790,898</u>	<u>9,006,562</u>
Net Assets		<u>157,350,571</u>	<u>142,760,346</u>
Members' Funds			
Retained profits		<u>157,350,571</u>	<u>142,760,346</u>
Total Members' Funds		<u>157,350,571</u>	<u>142,760,346</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 13 to 31.

Cabra-Vale Ex-Active Servicemen’s Club Limited
Statement of Changes in Members’ Funds
For the Year Ended 30 June 2017

	Retained Profits \$	Total Members’ Funds \$
Balance at 1 July 2015	127,350,387	127,350,387
Net profit after income tax expense for the year	15,409,959	15,409,959
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	15,409,959	15,409,959
Balance at 30 June 2016	142,760,346	142,760,346
Net profit after income tax expense for the year	14,590,225	14,590,225
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	14,590,225	14,590,225
Balance at 30 June 2017	157,350,571	157,350,571

The Statement of Changes in Members’ Funds should be read in conjunction with the accompanying notes set out on pages 13 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Cash Flows
For the Year Ended 30 June 2017

	2017 \$	2016 \$
Cash Flows From Operating Activities		
Receipts from customers (inclusive of GST)	84,303,681	87,881,650
Payments to suppliers and employees (inclusive of GST)	(64,084,444)	(68,672,638)
Interest received	859,904	1,065,938
Income taxes paid	(740,480)	(678,656)
Rent received	915,799	930,605
	<hr/>	<hr/>
Net cash inflow from operating activities	21,254,460	20,526,899
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	396,875	815,568
Payment for property, plant and equipment	(16,742,755)	(4,913,995)
Proceeds from sale of investment property	782,708	-
Payment for investment property	(481,623)	-
Investment in term deposits	(26,000,000)	-
	<hr/>	<hr/>
Net cash outflow from investing activities	(42,044,795)	(4,098,427)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Payment of finance leases	-	(144,428)
	<hr/>	<hr/>
Net cash outflow from financing activities	-	(144,428)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(20,790,335)	16,284,044
Cash and cash equivalents at the beginning of the financial year	52,797,941	36,513,897
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	32,007,606	52,797,941
	<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

About This Report

Cabra-Vale Ex-Active Servicemen's 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 Cabra-Vale Ex-Active Servicemen's Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 8 August 2017.

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 2016; 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 5
Long service leave provision	Note 9
Intangible assets	Note 7

Key Events for the Reporting Period

Adoption of AASB 2015-2

The Company adopted AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 101 with a date of initial application of 1 July 2016. This has had an impact on the general form and presentation of the financial report only.

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	3,376,000	3,625,229
Catering sales	4,124,953	4,128,355
Bottle & Gift Shop sales	768,941	786,243
	<hr/>	<hr/>
	8,269,894	8,539,827
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	66,684,241	68,714,893
TAB commission received	135,662	135,862
Keno commission received	215,999	227,051
Other commissions received	354,609	346,571
Subscriptions received	246,160	243,806
Room hire income	370,554	355,747
Car park receipts	52,475	59,053
Entertainment receipts	148,656	153,804
Promotions receipts	292,446	308,903
	<hr/>	<hr/>
	68,500,802	70,545,690
	<hr/>	<hr/>
Other Revenue		
Interest received	1,514,773	1,123,440
Rent received	915,799	930,605
	<hr/>	<hr/>
	2,430,572	2,054,045
	<hr/>	<hr/>
Total Revenue	79,201,268	81,139,562
	<hr/>	<hr/>
Other Income		
Other income	-	45,454
Net gain on disposal of non-current assets	748,498	598,750
	<hr/>	<hr/>
Total Other Income	748,498	644,204
	<hr/>	<hr/>
Total Revenue and Other Income	79,949,766	81,783,766
	<hr/> <hr/>	<hr/> <hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

1 Revenue and Other Income (continued)

Recognition and Measurement

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.

Rental Revenue

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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 non-current assets

The gain or loss on disposal of property, plant and equipment and/or intangibles 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 other revenue at the date control of the asset passes to the buyer.

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

2 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.

	2017	2016
	\$	\$
The amount set aside for income tax in the statement of financial performance has been calculated as follows:		
Proportion of income attributable to non-members	7,733,154	8,137,700
Less: Proportion of expenses attributable to non-members	(5,846,893)	(6,183,376)
	<hr/>	<hr/>
	1,886,261	1,954,324
Add: Other taxable income	3,352,681	3,083,713
	<hr/>	<hr/>
	5,238,942	5,038,037
Less: Other deductible expenses	2,941,247	2,906,041
	<hr/>	<hr/>
Net profit subject to tax	2,297,695	2,131,996
	<hr/>	<hr/>
Current income tax applicable to above at rate of 30%	689,309	639,598
Decrease in deferred tax assets	(1,012)	(11,097)
Under/(over) provision from prior year	32,034	(10,314)
	<hr/>	<hr/>
Income tax expense attributable to operating profit	720,331	618,187
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Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Income Tax (continued)

	2017 \$	2016 \$
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax expense on taxable profit before income tax at 30%	430,900	429,039
Add tax effect of:		
– Non-deductible depreciation and amortisation	245,270	247,555
– Other non-allowable items	307,460	320,724
– Other taxable items	1,005,804	925,114
	<u>1,989,434</u>	<u>1,922,432</u>
Less tax effect of:		
Non-assessable income	(172,481)	(163,466)
Deductible depreciation and amortisation	(245,270)	(247,555)
Other allowable items	(882,374)	(871,813)
Movements in deferred tax	(1,012)	(11,097)
Under/(over) provision from prior year	32,034	(10,314)
	<u>720,331</u>	<u>618,187</u>
Income tax expense attributable to entity	<u><u>720,331</u></u>	<u><u>618,187</u></u>
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Provisions	118,502	117,490
	<u>118,502</u>	<u>117,490</u>
Movements:		
Opening balance	117,490	106,393
Credited/(debited) to the Statement of Profit or Loss and Other Comprehensive Income	1,012	11,097
	<u>118,502</u>	<u>117,490</u>
Closing balance	<u><u>118,502</u></u>	<u><u>117,490</u></u>
(d) Current Tax Liabilities		
Balance at the beginning of the year	(153,659)	(192,717)
Income tax paid	740,480	678,656
Current year's income tax expense	(689,309)	(639,598)
	<u>(102,488)</u>	<u>(153,659)</u>

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

2 Income Tax (continued)

Recognition and Measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

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.

	2017 \$	2016 \$
3 Trade and Other Receivables		
Current		
Interest receivable	851,796	244,442
Trade debtors	345,577	186,654
Other debtors	20,590	36,833
	1,217,963	467,929
	1,217,963	467,929

Recognition and Measurement

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts. Trade and other receivables are non-interest bearing loans and generally on 30-day payment terms. A provision for impairment is recognised when there is objective evidence that an

Cabra-Vale Ex-Active Servicemen's Club Limited

individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
4 Other Financial Assets		
Current		
Investments held to maturity - at cost	3,519,847	3,472,333
Term deposits maturing over three months	26,000,000	-
	29,519,847	3,472,333
	29,519,847	3,472,333

Held to maturity investments comprise term deposits with a maturity of greater than 3 months. The deposits are bearing fixed interest rates at the rate of 2.76% p.a.

Recognition and Measurement

The company classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company’s management has the positive intention and ability to hold to maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets.

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
5 Property, Plant and Equipment		
Freehold land <i>At cost</i>	9,463,500	9,463,500
Buildings and improvements <i>At cost</i>	69,271,356	65,739,838
<i>Accumulated depreciation</i>	(19,354,914)	(17,651,062)
	49,916,442	48,088,776
Total Land, Buildings and Improvements	59,379,942	57,552,276
Car park <i>At cost</i>	7,000,408	7,000,408
<i>Accumulated depreciation</i>	(2,301,420)	(2,125,421)
	4,698,988	4,874,987
Plant and equipment <i>At cost</i>	33,312,306	31,818,190
<i>Accumulated depreciation</i>	(27,200,582)	(26,223,121)
	6,111,724	5,595,069
Poker machines <i>At cost</i>	22,178,908	21,137,662
<i>Accumulated depreciation</i>	(15,138,318)	(14,038,581)
	7,040,590	7,099,081
Motor vehicles <i>At cost</i>	614,177	201,871
<i>Accumulated depreciation</i>	(165,831)	(73,693)
	448,346	128,178
Capital works in progress <i>At cost</i>	9,116,754	1,336,092
Total property, plant and equipment net book value	86,796,344	76,585,683

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Property, Plant and Equipment (continued)

Valuation

An independent valuation of the company's land and buildings, inclusive of plant and equipment, was carried out on 2 May 2017 on the basis of open market value for existing use and resulted in a valuation of \$97,177,000 consisting of buildings and improvements of \$82,517,000 and land at \$14,660,000. Since the date of the valuation, there have been additions of \$8,936,000.

As land and buildings and improvements are recorded at cost the valuation has not been brought to account. The directors do not believe that there has been a material movement in the fair value since the valuation date.

	2017 \$	2016 \$
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:		
Buildings and Improvements		
Carrying amount at beginning of year	48,088,776	49,599,601
Additions	9,401	-
Transfers from WIP	3,522,118	172,060
Depreciation expense	(1,703,853)	(1,682,885)
	<hr/>	<hr/>
Carrying amount at end of year	49,916,442	48,088,776
	<hr/>	<hr/>
Car Park		
Carrying amount at beginning of year	4,874,987	5,050,986
Depreciation expense	(175,999)	(175,999)
	<hr/>	<hr/>
Carrying amount at end of year	4,698,988	4,874,987
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
5 Property, Plant and Equipment (continued)		
Reconciliations (continued)		
Plant and Equipment		
Carrying amount at beginning of year	5,595,069	6,341,179
Additions	963,226	762,643
Transfer from WIP/ (to investment properties)	841,462	(39,423)
Disposals	(6,622)	(17,337)
Depreciation expense	(1,281,411)	(1,451,993)
	<hr/>	<hr/>
Carrying amount at end of year	6,111,724	5,595,069
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	7,099,081	6,917,865
Additions	3,217,261	3,327,268
Disposals	(131,981)	(154,355)
Depreciation expense	(3,143,771)	(2,991,697)
	<hr/>	<hr/>
Carrying amount at end of year	7,040,590	7,099,081
	<hr/>	<hr/>
Motor Vehicles		
Carrying amount at beginning of year	128,178	103,982
Additions	412,306	102,403
Disposals	-	(45,127)
Depreciation expense	(92,138)	(33,080)
	<hr/>	<hr/>
Carrying amount at end of year	448,346	128,178
	<hr/>	<hr/>
Capital Works in Progress		
Carrying amount at beginning of year	1,336,092	786,469
Additions	12,146,060	721,683
Transfers to plant and equipment, buildings and improvements	(4,365,398)	(172,060)
	<hr/>	<hr/>
Carrying amount at end of year	9,116,754	1,336,092
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Property, Plant and Equipment (continued)

Core Properties held by the Club:

- (i) No. 1 Bartley Street, Canley Vale NSW (Including Car-park and Bowling Greens)

Non-Core Properties held by the Club:

- (i) 5-11 Cordeaux Street, Campbelltown NSW
(ii) Former Police Station - No. 1 Bartley Street Canley Vale NSW
(iii) 55 Achilles Street, Nelson Bay
(iv) 57 Achilles Street, Nelson Bay
(v) 59 Achilles Street, Nelson Bay
(vi) 61 Achilles Street, Nelson Bay
(vii) 63 Achilles Street, Nelson Bay
(viii) 67 Achilles Street, Nelson Bay
(ix) 69 Achilles Street, Nelson Bay
(x) 11 Enid Street, Tweed Heads
(xi) 13 Enid Street, Tweed Heads
(xii) 15-17 Enid Street, Tweed Heads
(xiii) 19 Enid Street, Tweed Heads
(xiv) 141 Railway Parade, Canley-Vale (12 units)
(xv) 3 Cordeaux Street, Campbelltown
(xvi) 156-168 Queen Street, Campbelltown

Recognition and Measurement

All property, plant and equipment is stated 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 assets' 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 improvements, 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:

	2017	2016
<i>Property, plant and equipment</i>		
Buildings and improvements	40 years	40 years
Plant and equipment	4 - 10 years	4 - 10 years
Car park	40 years	40 years
Poker machines	4 - 7 years	4 - 7 years
Motor vehicles	5 years	5 years

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Property, Plant and Equipment (continued)

Recognition and Measurement (continued)

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.

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, investment property and finite life intangible assets. 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.

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
6 Investment Property		
Rental properties		
At cost	13,266,733	13,106,874
Accumulated depreciation	(1,737,728)	(1,639,934)
	11,529,005	11,466,940
	11,529,005	11,466,940

Movements in Carrying Amounts

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

Carrying amount at beginning of year	11,466,940	11,567,076
Transfer from Plant & Equipment/additions	481,623	39,423
Disposal	(296,165)	-
Depreciation expense	(123,393)	(139,559)
	11,529,005	11,466,940
	11,529,005	11,466,940

Valuation details

An independent valuation of the company's investment property was carried out during May 2017 on the basis of open market value for existing use and resulted in a valuation of \$16,743,000.

As investment properties are recorded at cost the valuation has not been brought to account. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Recognition and Measurement

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the company. Investment properties are stated at historical cost less depreciation and accumulated impairment losses.

The depreciable amount of all fixed assets including buildings and improvements, 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:

	2017	2016
Rental properties	40 years	40 years

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
7 Intangible Assets		
Non-Current		
Poker machine entitlements, at carrying value	6,216,619	6,216,619
Licence for Unit at Fingal Bay	80,000	80,000
Licence for Unit at Urunga Holiday Centre	150,000	150,000
	6,446,619	6,446,619
	6,446,619	6,446,619

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.

Licences

Licences have an indefinite useful life and are carried at cost. Upon termination of the licenses the balance of the deposit less deductions is due to the club.

Key Estimate and Judgement: Intangible Assets

Impairment of poker machine entitlements is recognised 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, assumptions regarding growth rates and appropriate discount factors have been applied to the cash flows.

Impairment Tests for Poker Machine Entitlements

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlement based on the value in use methodology. The company used the pre-tax cash flows generated from the poker machines net revenues generated and calculated the present values of these future cash flows at a discount rate of 2.60%, to arrive at the total value of these entitlements. The value in use recoverable amount for each entitlement is calculated by dividing the total value of the entitlements with the actual number of entitlements. The value thus arrived, was in excess of the carrying value and accordingly no impairment losses were recognised.

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. 2.60% (2016: 1.56%) pre-tax discount rate
- b. 2.10% (2016: 1.30%) per annum projected revenue growth rate

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

	2017 \$	2016 \$
8 Trade and Other Payables		
Trade creditors	1,387,046	1,331,070
Goods and Services Tax (GST) payable	438,130	457,404
Other creditors and accruals	4,469,498	2,845,723
	<hr/>	<hr/>
	6,294,674	4,634,197
	<hr/> <hr/>	<hr/> <hr/>

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition unless the company has an unconditional right to pay it.

9 Employee Benefits

Aggregate liability for employee benefits including on-costs

Current	3,400,788	3,265,987
Non-current	283,356	286,041
	<hr/>	<hr/>
	3,684,144	3,552,028
	<hr/> <hr/>	<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	2.10%	1.30%
Discount rate	2.60%	1.56%

Superannuation Plans

Defined contribution superannuation expense	1,146,978	1,152,464
	<hr/>	<hr/>

Contributions

The company is under a legal obligation to contribute 9.50% (2016: 9.50%) of each employee's base salary to a superannuation fund.

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

9 Employee Benefits (continued)

Recognition and Measurement

Wages and Salaries, Annual Leave and Sick Leave

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

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.

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 of 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.

	2017 \$	2016 \$
10 Capital Commitments		
Within one year	2,885,000	-
	<u>2,885,000</u>	<u>-</u>

Capital commitments relate to outstanding payments due on contracted works ongoing at the club in relation to ‘Asian Style Eat Street’.

Cabra-Vale Ex-Active Servicemen’s Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Key Management Personnel Details

(a) Directors

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

Name

Taylor, George
Eldridge, Leslie
McKellar, Darryl Graham
Dillon, John James
Campbell, Patrick John
McDonough, Thomas John
Bramman, Raymond Gordon
Saddler, Edward Arthur
Sharp, Lindsay Hilton

(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
Boris Belevski	Chief Executive Officer
Michael Foulkes	Group General Manager
Kristen Gower	Chief Operations Officer
Bala Veeracuddy	Group Finance Manager
David Stevenson	Group Gaming Manager

(c) Key Management Personnel Compensation

	2017	2016
Number of Key Personnel	5	5
	<hr/>	<hr/>
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel	1,560,693	1,221,823
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Key Management Personnel Details (continued)

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may supply goods and services to the company. These supplies are on the same terms and conditions as those entered into by other company employees or suppliers and are trivial or domestic in nature. There were no such transactions during the current financial year.

During the year, close relatives of four directors were employed by the club under normal terms and conditions.

12 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

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.

13 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 he is a member or within one year thereafter. At 30 June 2017 there were 60,394 members.

The registered office of the company is 1 Bartley Street, Canley Vale NSW 2166.

14 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 years.

Cabra-Vale Ex-Active Servicemen's Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

15 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.

(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) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis.

(d) Provision for Mortality Fund

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(e) 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.

