



Cabra-Vale Ex-Active Servicemen's Club Limited

ABN 28 000 102 269

**Annual Financial Report
30 June 2019**

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 2019.

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
Eldridge, Leslie	Retired	21 years	Vice President	15 years Director
Sharp, Lindsay Hilton	Retired	12 years	Director	4 years Director
Bramman, Raymond Gordon	Retired	30 years	Director	6 years Director
Campbell, Patrick John	Retired	5 years	Director	4 years Director
Moore, Ronald	Retired	33 years	Director	5 years Director
Robinson, Walter	Retired	10 years	Director	1 year Director
Farrugia, Joseph	Retired	17 years	Director	1 year Director
Newham, Colin	Retired	24 years	Director	1 year Director
Taylor, George	Retired	48 years	President	18 years Director Resigned 14 June 2019

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
Eldridge, Leslie	15	20
Sharp, Lindsay Hilton	18	20
Bramman, Raymond Gordon	19	20
Campbell, Patrick John	17	20
Moore, Ronald	19	20
Robinson, Walter	18	20
Farrugia, Joseph	20	20
Newham, Colin	18	20
Taylor, George	18	18

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 2019 and the comparison with last year is as follows:

	2019	2018
Ex-Active Service	104	113
Service	89	89
Social	64,577	62,447
	<hr/>	<hr/>
	64,770	62,649
	<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 (2018: \$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 \$129,540 (2018: \$125,298).

Operating result

The net profit from ordinary activities before tax for the year amounted to \$15,466,287 compared with a profit of \$15,951,915 for the prior year. This resulted after incurring loss on write off of assets \$1,194,808 (2018: Nil). This resulted after charging \$7,657,517 (2018: \$7,148,973) for depreciation and before charging income tax expense of \$879,874 (2018: \$972,670).

Objectives

Short term

To be the leading 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:

- Relocation of the Bowling Greens and Bowls amenities facility by 2020 (Stage 1)
- Construction of a new Club entrance, an underground parking, new entertainment venue and a new Gaming facility commencing end of 2019 (Stage 2).
- Construction of a 140 room Hotel by 2021 (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 operating 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 Clubs NSW to measure the Club's strategic position at an industry benchmark level.

	2019 %	2018 %
Key Performance Indicators		
Bar		
Gross profit percentage	64.43	58.00
Wages to sales percentage	36.51	40.92
Catering		
Gross profit percentage	57.01	54.78
Wages to sales percentage	54.20	50.46
Wages and salaries - percentage of total revenue	20.51	20.23
EBITDA percentage*	27.21	26.21

* Loss on write off of assets and net gain on sale of non-current assets have been removed from EBITDA for the current and prior year.

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 13th day of August 2019.



L Eldridge
Vice President



R Bramman
Director

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 2019, I declare that, to the best of my knowledge and belief, there have been:

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



Paul Cheeseman
Partner

BDO East Coast Partnership

Canley Vale, 13th August 2019

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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of 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 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors Report and Detailed Profit and Loss Account (and supplementary information), 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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership

Paul Cheeseman
Partner

Canley Vale, 13th August 2019

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 2019 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 13th day of August 2019.


L Eldridge
Vice President


R Bramman
Director

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue and other income			
Sale of goods revenue		7,893,692	8,462,551
Rendering of services revenue		76,341,562	71,819,679
Other revenue		2,892,457	2,473,119
		<hr/>	<hr/>
Total revenue	1	87,127,711	82,755,349
		<hr/>	<hr/>
Other income	1	773,720	1,413,702
		<hr/>	<hr/>
Expenses			
Cost of sales		(3,384,538)	(3,971,296)
Employee benefits expense		(17,866,781)	(16,742,443)
Depreciation expense		(7,657,517)	(7,148,973)
Entertainment, marketing and promotional costs		(9,208,688)	(8,591,348)
Poker machine licences and taxes		(20,057,509)	(18,823,139)
Occupancy expenses		(8,606,935)	(8,480,311)
Other expenses		(4,458,367)	(4,459,626)
		<hr/>	<hr/>
		(71,240,336)	(68,217,136)
		<hr/>	<hr/>
Profit before loss on write off of assets and income tax expense		16,661,095	15,951,915
Loss on write off of assets		(1,194,808)	-
		<hr/>	<hr/>
Profit before income tax expense		15,466,287	15,961,915
Income tax expense	2(a)	(879,874)	(972,670)
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		14,586,413	14,979,245
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		14,586,413	14,979,245
		<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 9 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Financial Position
As at 30 June 2019

ASSETS	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents		14,837,225	19,665,389
Trade and other receivables	3	1,306,267	958,791
Other financial assets	4	70,543,913	53,519,847
Current tax assets	2(d)	5,146	-
Inventories		333,929	280,841
Prepayments and deposits		318,571	207,798
Total Current Assets		87,345,050	74,632,666
Non-Current Assets			
Property, plant and equipment	5	95,376,576	91,136,807
Investment property	6	7,629,385	9,857,175
Deferred tax assets	2(c)	127,062	127,062
Intangible assets	7	6,446,619	6,446,619
Total Non-Current Assets		109,579,642	107,567,663
Total Assets		196,924,692	182,200,329
LIABILITIES			
Current Liabilities			
Trade and other payables	8	5,888,357	5,224,641
Provision for mortality fund		296,250	302,200
Provision for income tax	2(d)	-	314,837
Employee benefits	9	2,972,237	3,356,137
Income received in advance		198,273	236,592
Total Current Liabilities		9,355,117	9,434,407
Non-Current Liabilities			
Employee benefits	9	485,146	273,953
Income received in advance		168,200	162,153
Total Non-Current Liabilities		653,346	436,106
Total Liabilities		10,008,463	9,870,513
Net Assets		186,916,229	172,329,816
Members' Funds			
Retained profits		186,916,229	172,329,816
Total Members' Funds		186,916,229	172,329,816

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 9 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Changes in Members' Funds
For the Year Ended 30 June 2019

	Retained Profits \$	Total Members' Funds \$
Balance at 1 July 2017	157,350,571	157,350,571
Net profit after income tax expense for the year	14,979,245	14,979,245
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	14,979,245	14,979,245
Balance at 30 June 2018	172,329,816	172,329,816
Net profit after income tax expense for the year	14,586,413	14,586,413
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	14,586,413	14,586,413
Balance at 30 June 2019	186,916,229	186,916,229

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 9 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited
Statement of Cash Flows
For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers (inclusive of GST)	92,747,184	88,528,875
Payments to suppliers and employees (inclusive of GST)	(73,001,655)	(70,213,715)
Interest received	1,616,057	1,634,787
Income taxes paid	(1,199,857)	(768,881)
Rent received	929,949	880,621
	<hr/>	<hr/>
Net cash inflow from operating activities	21,091,678	20,061,687
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	668,368	614,599
Payment for property, plant and equipment	(11,855,887)	(11,462,775)
Proceeds from sale of investment property	2,315,300	2,478,773
Payment for investment property	(23,557)	(34,501)
Investment in term deposits	(17,024,066)	(24,000,000)
	<hr/>	<hr/>
Net cash outflow from investing activities	(25,919,842)	(32,403,904)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(4,828,164)	(12,342,217)
Cash and cash equivalents at the beginning of the financial year	19,665,389	32,007,606
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	14,837,225	19,665,389
	<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 9 to 31.

Cabra-Vale Ex-Active Servicemen's Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 13 August 2019.

The financial statements are general purposes financial statements which:

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

New or amended Accounting Standards and Interpretations adopted

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

AASB 9 Financial Instruments

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

Impact of adoption

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

Critical Accounting Judgements, Estimates and Assumptions

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

Estimation of useful lives of assets	Note 5
Long service leave provision	Note 9
Intangible assets	Note 7

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	3,458,585	3,858,703
Catering sales	3,840,115	3,951,569
Bottle & Gift Shop sales	594,992	652,279
	<u>7,893,692</u>	<u>8,462,551</u>
Rendering of Services Revenue		
Poker machines - net clearances	74,292,108	69,969,851
TAB commission received	183,474	148,485
Keno commission received	229,057	229,555
Other commissions received	363,786	370,032
Subscriptions received	252,424	241,088
Room hire income	407,586	399,874
Car park receipts	69,906	47,928
Entertainment receipts	166,457	127,657
Promotions receipts	316,694	285,209
Men's bowling club receipts	60,070	-
	<u>76,341,562</u>	<u>71,819,679</u>
Other Revenue		
Interest received	1,962,508	1,592,498
Rent received	929,949	880,621
	<u>2,892,457</u>	<u>2,473,119</u>
Total Revenue	<u>87,127,711</u>	<u>82,755,349</u>
Other Income		
Gain on disposal of non-current assets	711,926	1,413,702
Other income	61,794	-
	<u>773,720</u>	<u>1,413,702</u>
Total Other Income	<u>773,720</u>	<u>1,413,702</u>
Total Revenue and Other Income	<u>87,901,431</u>	<u>84,169,051</u>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

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 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 2019

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.

	2019 \$	2018 \$
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	9,594,360	8,927,713
Less: Proportion of expenses attributable to non-members	(7,191,579)	(6,834,460)
	<hr/> 2,403,051	<hr/> 2,093,253
Add: Other taxable income	4,044,575	3,412,200
Add: Capital gains on sale of investment properties	136,771	717,882
	<hr/> 6,584,397	<hr/> 6,223,335
Less: Other deductible expenses	3,950,621	3,159,337
	<hr/> 2,663,776	<hr/> 3,063,998
Net profit subject to tax		
	<hr/> 2,663,776	<hr/> 3,063,998
Current income tax applicable to above at rate of 30%	790,133	919,200
Decrease in deferred tax assets	-	(8,560)
Under/(over) provision from prior year	89,741	62,030
	<hr/> 879,874	<hr/> 972,670
Income tax expense attributable to operating profit		
	<hr/> 879,874	<hr/> 972,670

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

2 Income Tax (continued)

	2019 \$	2018 \$
(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%	474,209	479,180
Add tax effect of:		
– Non-deductible depreciation and amortisation	315,511	296,811
– Other non-allowable items	442,365	362,445
– Other taxable items	1,254,404	1,239,025
	2,486,489	2,377,461
Less tax effect of:		
Non-assessable income	(195,947)	(213,649)
Deductible depreciation and amortisation	(315,511)	(296,811)
Other allowable items	(1,184,897)	(947,801)
Movements in deferred tax	-	(8,560)
Under/(over) provision from prior year	89,741	62,030
Income tax expense attributable to entity	879,874	972,670
(c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Provisions	127,062	127,062
	127,062	127,062
Movements:		
Opening balance	127,062	118,502
Credited to the Statement of Profit or Loss and Other Comprehensive Income	-	8,560
Closing balance	127,062	127,062
(d) Current Tax Assets/(Liabilities)		
Balance at the beginning of the year	(314,837)	(102,488)
Under provision from prior year	(89,741)	(62,030)
Income tax paid	1,199,857	768,881
Current year's income tax expense	(790,133)	(919,200)
	5,146	(314,837)

Cabra-Vale Ex-Active Servicemen's Club Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

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.

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.

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.

	2019 \$	2018 \$
3 Trade and Other Receivables		
Current		
Interest receivable	1,155,958	809,507
Trade debtors	64,363	117,295
Other debtors	85,946	31,989
	<hr/>	<hr/>
	1,306,267	958,791
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Trade and Other Receivables (continued)

Recognition and Measurement

Trade and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and impairment allowance.

Under AASB 9 there are new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The expected credit loss estimated by the management using simplified approach is Nil (2018: Nil).

	2019 \$	2018 \$
4 Other Financial Assets		
Current		
Investments held at amortised cost for Mortality and Long Service fund	3,519,847	3,519,847
Other investments held at amortised cost	67,024,066	50,000,000
	<hr/> 70,543,913	<hr/> 53,519,847

Investments held at amortised cost comprise of term deposits with a maturity of greater than 3 months. The deposits are bearing fixed interest rates between 1.90% p.a. and 2.40% p.a.

Recognition and Measurement

The company classifies its financial assets as investments held at amortised cost. The classification depends on the purpose for which the investments were acquired.

Investments held at amortised cost

Investments held at amortised cost are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
5 Property, Plant and Equipment		
Freehold land		
At cost	9,463,500	9,463,500
Buildings and improvements		
At cost	79,466,854	79,391,445
Accumulated depreciation	(23,198,439)	(21,325,285)
	56,268,415	58,066,160
Total Land, Buildings and Improvements	65,731,916	67,529,660
Car park		
At cost	7,016,819	7,008,408
Accumulated depreciation	(2,656,341)	(2,477,419)
	4,360,478	4,522,989
Plant and equipment		
At cost	37,211,830	36,381,027
Accumulated depreciation	(30,098,909)	(28,557,521)
	7,112,921	7,823,506
Poker machines		
At cost	23,690,416	22,882,336
Accumulated depreciation	(17,144,353)	(16,085,294)
	6,546,063	6,797,042
Motor vehicles		
At cost	743,123	626,364
Accumulated depreciation	(391,338)	(251,320)
	351,785	375,044
Capital works in progress		
At cost	11,273,414	4,088,566
Total property, plant and equipment net book value	95,376,576	91,136,807

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

5 Property, Plant and Equipment (continued)

Valuation

An independent valuation of the company's land and buildings, was carried out during April and May 2019 on the basis of open market value for existing use and resulted in a valuation of \$106,800,000 consisting of buildings and improvements and car park of \$89,300,000 and land of \$17,500,000. Since the date of the valuation, there have been additions of \$40,500.

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.

	2019 \$	2018 \$
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Buildings and Improvements		
Carrying amount at beginning of year	58,066,160	49,916,442
Additions	206,843	211,492
Transfers from work in progress	-	9,908,597
Depreciation expense	(2,004,588)	(1,970,371)
Carrying amount at end of year	56,268,415	58,066,160
Car Park		
Carrying amount at beginning of year	4,522,989	4,698,988
Additions	16,411	-
Depreciation expense	(178,922)	(175,999)
Carrying amount at end of year	4,360,478	4,522,989

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

	2019 \$	2018 \$
5 Property, Plant and Equipment (continued)		
Reconciliations (continued)		
Plant and Equipment		
Carrying amount at beginning of year	7,823,506	6,111,724
Additions	859,269	1,568,720
Transfer from WIP	-	1,645,585
Disposals	(11,890)	(21,572)
Depreciation expense	(1,557,964)	(1,480,951)
	<hr/>	<hr/>
Carrying amount at end of year	7,112,921	7,823,506
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	6,797,042	7,040,590
Additions	3,538,597	3,110,117
Disposals	(188,384)	(66,907)
Depreciation expense	(3,601,192)	(3,286,758)
	<hr/>	<hr/>
Carrying amount at end of year	6,546,063	6,797,042
	<hr/>	<hr/>
Motor Vehicles		
Carrying amount at beginning of year	375,044	448,346
Additions	181,353	46,452
Disposals	(18,523)	(14,399)
Depreciation expense	(186,089)	(105,355)
	<hr/>	<hr/>
Carrying amount at end of year	351,785	375,044
	<hr/>	<hr/>
Capital Works in Progress		
Carrying amount at beginning of year	4,088,566	9,116,754
Additions	7,184,848	6,525,994
Transfers to plant and equipment, buildings and improvements	-	(11,554,182)
	<hr/>	<hr/>
Carrying amount at end of year	11,273,414	4,088,566
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

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) 11 Enid Street, Tweed Heads
(iii) 13 Enid Street, Tweed Heads
(iv) 15-17 Enid Street, Tweed Heads
(v) 19 Enid Street, Tweed Head`s
(vi) 141 Railway Parade, Canley-Vale (12 units)
(vii) 3 Cordeaux Street, Campbelltown
(viii) 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.

Capital works in progress are capitalised as the expenditure is incurred and is transferred to the relevant class of asset on the date the asset is available for use.

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:

	2019	2018
<i>Property, plant and equipment</i>		
Buildings and improvements	40 years	40 years
Plant and equipment	4 - 20 years	4 - 20 years
Car park	40 years	40 years
Poker machines	4 - 7 years	4 - 7 years
Motor vehicles	3 - 5 years	3 - 5 years

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

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 2019

	2018 \$	2018 \$
6 Investment Property		
Rental properties		
At cost	8,780,182	11,540,344
Accumulated depreciation	(1,150,797)	(1,683,169)
	<u>7,629,385</u>	<u>9,857,175</u>

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	9,857,175	11,529,005
Additions	23,557	34,501
Disposals	(927,777)	(1,576,792)
Write off of assets from demolition of former police station building	(1,194,808)	-
Depreciation expense	(128,762)	(129,539)
	<u>7,629,385</u>	<u>9,857,175</u>
Carrying amount at end of year		

Valuation details

An independent valuation of the company's investment property was carried out during April and May 2019 on the basis of open market value for existing use and resulted in a valuation of \$12,440,000.

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:

	2019	2018
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 2019

	2019 \$	2018 \$
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
	<hr/>	<hr/>
	6,446,619	6,446,619
	<hr/>	<hr/>

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 2.7%, 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:

- 2.7% (2018: 2.63%) pre-tax discount rate
- 1.90% (2018: 1.90%) 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 2019

	2019 \$	2018 \$
8 Trade and Other Payables		
Trade creditors	1,859,284	1,460,084
Goods and Services Tax (GST) payable	418,133	522,484
Other creditors and accruals	3,610,940	3,242,073
	<hr/>	<hr/>
	5,888,357	5,224,641
	<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	2,972,237	3,356,137
Non-current	485,146	273,953
	<hr/>	<hr/>
	3,457,383	3,630,090
	<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	3.0%	1.90%
Discount rate	2.7%	2.63%

Superannuation Plans

Defined contribution superannuation expense	1,311,755	1,213,404
	<hr/>	<hr/>

Contributions

The company is under a legal obligation to contribute 9.50% (2018: 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 2019

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.

	2019 \$	2018 \$
10 Capital Commitments		
Within one year	150,000	-

The Club has entered into a Hotel Consultancy Service agreement with Accor Hospitality for advisory related services and has committed to pay \$150,000 under the agreement. Club has not entered into any other agreements for stage 2 and 3 projects.

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

11 Key Management Personnel Details

(a) Directors

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

Name

Eldridge, Leslie

Sharp, Lindsay

Bramman, Raymond

Campbell, Patrick

Moore, Ronald

Robinson, Walter

Farrugia, Joseph

Newham, Colin

Taylor, George

Resigned 14 June 2019

(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

Retired 30 June 2019

David Stevenson

Group Gaming Manager

(c) Key Management Personnel Compensation

	2019	2018
Number of Key Personnel	5	5
	<hr/>	<hr/>
	\$	\$
Benefits and payments made to the Directors and Other Key Management Personnel	1,960,496	1,793,350
	<hr/>	<hr/>

Cabra-Vale Ex-Active Servicemen's Club Limited
Notes to the Financial Statements
For the Year Ended 30 June 2019

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.

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 2019 there were 64,770 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 2019

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.