

# **Mildura Working Man's Club Inc.**

Reg No: A0025085Z

## **General Purpose Financial Report**

**for the Year Ended 30 June 2017**

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

For the Year Ended 30 June 2017

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Members' Funds	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Certificate by Members of the Committee	26
Independent Audit Report	27

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

## Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue	2	12,906,349	12,411,891
Consumables used	3	(2,704,595)	(2,506,440)
Employee benefits expense	3	(3,634,641)	(3,577,009)
Depreciation expense	3	(346,855)	(277,570)
Amortisation expense	3	(208,536)	(204,396)
Gaming tax expense	3	(2,448,960)	(2,388,871)
Rental expense	3	(421,682)	(409,550)
Provision for impairment	3	-	(399,283)
Borrowing costs	3	(13,250)	(21,417)
Other expenses	3	(2,653,604)	(2,650,641)
<b>Profit/(loss) before income tax</b>		<b>474,226</b>	<b>(23,286)</b>
Income tax expense	4	-	-
<b>Profit/(loss) for the year</b>		<b>474,226</b>	<b>(23,286)</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>474,226</b>	<b>(23,286)</b>

The accompanying notes form part of these financial statements.

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

## Statement of Financial Position

as at 30 June 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,358,817	773,778
Trade and other receivables	6	7,869	492,848
Inventories	7	104,290	94,746
Other assets	8	85,626	167,497
<b>Total current assets</b>		<b>1,556,602</b>	<b>1,528,869</b>
<b>Non-current assets</b>			
Other assets	8	11,365	11,365
Property, plant and equipment	9	2,157,047	2,166,756
Intangible assets	10	1,067,239	1,275,780
<b>Total non-current assets</b>		<b>3,235,651</b>	<b>3,453,901</b>
<b>TOTAL ASSETS</b>		<b>4,792,253</b>	<b>4,982,770</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	511,571	594,741
Loans and borrowings	13	83,493	636,120
Employee benefits	12	520,963	454,873
<b>Total current liabilities</b>		<b>1,116,027</b>	<b>1,685,734</b>
<b>Non-current liabilities</b>			
Employee benefits	12	77,743	93,277
Loans and borrowings	13	10,448	89,950
<b>Total non-current liabilities</b>		<b>88,191</b>	<b>183,227</b>
<b>TOTAL LIABILITIES</b>		<b>1,204,218</b>	<b>1,868,961</b>
<b>NET ASSETS</b>		<b>3,588,035</b>	<b>3,113,809</b>
<b>MEMBERS' FUNDS</b>			
Retained earnings		3,588,035	3,113,809
<b>TOTAL MEMBERS' FUNDS</b>		<b>3,588,035</b>	<b>3,113,809</b>

The accompanying notes form part of these financial statements.

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

## Statement of Changes in Members' Funds

for the Year Ended 30 June 2017

2017

	Retained Earnings	Total
	\$	\$
<b>Balance at 1 July 2016</b>	<u>3,113,809</u>	<u>3,113,809</u>
Profit for the year	474,226	474,226
<b>Balance at 30 June 2017</b>	<u><u>3,588,035</u></u>	<u><u>3,588,035</u></u>

2016

	Retained Earnings	Total
	\$	\$
<b>Balance at 1 July 2015</b>	<u>3,137,095</u>	<u>3,137,095</u>
Loss for the year	(23,286)	(23,286)
<b>Balance at 30 June 2016</b>	<u><u>3,113,809</u></u>	<u><u>3,113,809</u></u>

The accompanying notes form part of these financial statements.

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

## Statement of Cash Flows

for the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	14,169,371	12,929,563
Payments to suppliers and employees	(13,091,192)	(12,389,327)
Interest received	3,882	841
Borrowing costs paid	(13,250)	(21,417)
Net cash provided by operating activities	17 <u>1,068,811</u>	<u>519,660</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	77,630	73,735
Payment for purchase of plant and equipment	(404,758)	(501,418)
Net cash used in investing activities	<u>(327,128)</u>	<u>(427,683)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	-	520,000
Repayment of borrowings	(632,128)	(222,069)
Receipts from related entities	475,484	-
Payments to related entities	-	(34,473)
Net cash provided by (used in) financing activities	<u>(156,644)</u>	<u>263,458</u>
Net increase in cash and cash equivalents held	585,039	355,435
Cash and cash equivalents at beginning of year	<u>773,778</u>	<u>418,343</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,358,817</u></u>	<u><u>773,778</u></u>

The accompanying notes form part of these financial statements.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies

**(a) New, revised or amending Accounting Standards and Interpretations adopted**

The Club has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standard Board ('AASB') that are mandatory for the current reporting period.

**(b) Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Reform Act 2012.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue in August 2017 by the Board of Management.

**(c) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Club has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

**(d) Revenue**

Revenue from the sale of goods is recognised upon the delivery of services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Poker machine revenue is recognised on receipt of funds net of any pay outs.

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

**(e) Employee Benefits**

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

(e) **Employee Benefits continued**  
**Other long-term employee benefits**

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**Short-term employee benefits**

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(f) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) **Income Tax**

Income tax is assessed in accordance with Section 23 of the Income Tax Assessment Act and the mutuality principle has been applied. This means that income derived from members is exempt and a formulae is applied to determine the level of income attributable to non members.

Non-member income of the Club is only assessable for tax, as member income is excluded under the principle of mutuality.

(i) **Current Income Tax Expense**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the statement of comprehensive income is the tax payable on taxable income calculated using applicable tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered) from the relevant taxation authority.

(ii) **Accounting for deferred tax**

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to Members' funds instead of the profit or loss when the tax relates to items that are credited or charged directly to Members' funds.



# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (g) Income Tax continued

##### (iii) Deferred tax calculation

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

##### (iv) Deferred income tax assets

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

##### (v) Benefit brought to account

Current assets and liabilities are offset where a legally enforceable right of setoff exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of setoff exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (i) Trade and other receivables

Trade and other receivables represent the asset outstanding at the end of the reporting period for goods and services rendered by the Club during the reporting period which remain unpaid. The balance is recognised as a current asset for balances expected to be recovered within 12 months with the amounts normally received within 30 days of recognition of the asset.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

(i) **Trade and other receivables continued**

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amount due according to the original terms of the receivables.

(j) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of purchased inventory are determined after deducting rebates and discounts received or receivable.

(k) **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be recovered from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated either on a straight-line basis or a diminishing value basis over their useful lives commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the lease asset.

**Depreciation rates**

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold Improvements	7.5% - 10%
Air Conditioning	7.5%
Motor Vehicles	25%
Furniture and Equipment	7.5% - 40%
Refrigeration Plant	10%
Electronic Gaming machines	14.3%- 20%

**Impairment of non-financial assets**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (k) Property, plant and equipment continued

##### Depreciation rates continued

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit and loss and comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

#### (l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

#### (m) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

The Club only holds financial assets designated as loans and receivables.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (m) Financial instruments continued

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

#### 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 principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Club's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Club renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Club does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### Financial liabilities

Financial liabilities are recognised when the Club becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (m) Financial instruments continued

The Club's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

##### *Impairment of financial assets*

At the end of the reporting period the Club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### **Financial assets at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

#### (n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (o) Goods and Services Tax (GST)

Revenue, 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 (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (p) Borrowings

Secured and unsecured loans have been obtained. While some loans are interest free, these have not been discounted to present values. Carrying amounts therefore represent amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (q) Intangible Assets

##### Gaming Machine Entitlement

The Club acquired 67 gaming machine entitlements (GME) at auction on May 2010. These GME's came into effect in August 2012, at which time the present value of the GME purchase price has been recorded as an intangible asset with payment for the entitlement to be made over the next five years. The useful life of the intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight line basis over 10 years.

##### Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (r) Impairment of assets

At each reporting date, the Club reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (s) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club.

##### Key estimates - impairment

The Club assesses impairment at the end of each reporting year by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### Wentworth Services Club Limited disclosure

From November 2014 the Club provided financial support to Wentworth Services Sporting Club Ltd ("WSSC") under a formal loan agreement. On 1 July 2015, WSSC ceased trading as it was determined by its Board of Directors that WSSC would be unable to meet its financial obligations should it continue to operate. The Board's decision was to close the Club to prevent it from continuing to incur further trading losses and to minimise the non-recovery of the outstanding debt.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (s) Critical accounting estimates and judgments continued

##### Wentworth Services Club Limited disclosure continued

The Club assisted WSSC in winding up the company. At 30 June 2016 predominantly all assets had been realised except for one Gaming License and payment of final Liquidator fees. The wind-up of Wentworth Services Club Limited in 2016 necessitated evaluation of the ability to repay its debts and impairment to be considered on the recoverability of these debts owed to Mildura Working Man's Club Inc.

Management established that the outstanding amount of \$874,767 owed by WSSC to the Club at 30 June 2016 was impaired as the amount could not be recovered with the funds realised from the disposal of WSSC's assets. The value of the impairment recognised for this debt, which was determined by the shortfall in assets of WSSC compared to the amount owed as a debtor to Mildura Working Man's Club Inc. was \$489,283. In its assessment, the Club's management undertook analysis of the remaining debt owed and determined that the amount recorded in the financial statements of \$385,484 would be the amount recoverable. The impaired debt recoverable was collected in 2017 and the loan paid out.

#### (t) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Club has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Club:

Standard Name	Effective year end date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	30 June 2019	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: -establishes a new revenue recognition model; -changes the basis for deciding whether revenue is to be recognised over time or at a point in time; -provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing); and -expands and improves disclosures about revenue.	When this Standard is first adopted for the year ending 30 June 2019, there is unlikely to be a material impact on the transactions and balances recognised in the financial statements.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 1 Statement of Significant Accounting Policies continued

#### (t) New Accounting Standards and Interpretations continued

Standard Name	Effective year end date for entity	Requirements	Impact
AASB 16 Leases	30 June 2020	AASB 16: -replaces AASB 117 Leases and some lease-related Interpretations -requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases -provides new guidance on the application of the definition of lease and on sale and lease back accounting -largely retains the existing lessor accounting requirements in AASB 117; and -requires new and different disclosures about leases.	Based on the Club's leasing arrangements at 30 June 2017, when this Standard is first adopted for the year ending 30 June 2020, there will likely be a material impact on the transactions and balances recognised in the financial statements.



# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 2 Revenue

	2017	2016
	\$	\$
Sales revenue		
- Sale Main Bar	1,503,313	1,423,219
- Sale Bistro Bar	620,233	614,521
- Function rooms	77,700	83,575
- Gaming	6,274,391	6,100,478
- Catering	3,441,037	3,269,107
	<b>11,916,674</b>	<b>11,490,900</b>
Other revenue		
- Interest received	3,882	841
- Raffles, Keno, etc	870,754	800,459
- Member subscriptions	105,019	106,291
- Profit on sale of non-current assets	10,020	13,400
	<b>989,675</b>	<b>920,991</b>
<b>Total Revenue</b>	<b>12,906,349</b>	<b>12,411,891</b>

### 3 Profit from Ordinary Activities

Profit/ (loss) before Income Tax Expense has been determined after:

	2017	2016
	\$	\$
Expenses		
-Consumables used	2,704,595	2,506,440
-Employee benefits expense	3,634,641	3,577,009
-Depreciation	346,855	277,570
-Provision for impairment	-	399,283
-Gaming tax expense	2,448,960	2,388,871
-Rental expense - minimum lease payments	421,682	409,550
-Borrowing costs	13,250	21,417
-Amortisation expense	208,536	204,396
Sub total expenses	<b>9,778,519</b>	<b>9,784,536</b>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 3 Profit from Ordinary Activities continued

	2017	2016
	\$	\$
<b>Other expenses</b>		
Advertising	141,669	118,637
Community benefits	389,975	332,008
Cleaning	245,620	207,649
Electricity	146,013	158,879
Promotion	213,280	292,196
Repairs and maintenance	111,662	198,086
Security costs	120,946	108,675
Other expenses	1,284,439	1,234,511
Total other expenses	<u>2,653,604</u>	<u>2,650,641</u>

### 4 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2017	2016
	\$	\$
The prima facie tax payable/ (receivable) on current year surplus/ (deficit) before income tax at 30% (2016 : 30%)	142,268	(6,986)
Adjusted for:		
Tax effect of:		
- non utilisation of tax losses	-	(6,986)
Utilisation of tax losses from prior years	142,268	-
Income tax attributable to the Club	<u>-</u>	<u>-</u>
Weighted average effective tax rate for non-member income applied in calculation of income tax	- %	- %

As at 30 June 2017 the Club had unrecognised deferred tax assets in respect of unutilised tax losses.

These have not been recognised as there is uncertainty as to the amount and future recoverability of these assets.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 5 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	40,000	40,000
Cash on hand - Gaming machines	85,000	85,000
Cash on hand - Office float	30,000	31,419
Cash at bank - Current accounts	91,587	185,250
Cash at bank - Bingo account	11,116	3,933
Cash at bank - Jackpot account	24,137	24,427
Cash at bank - Gaming account	95,920	82,147
Cash Business Reserve	979,156	276,593
Cash at bank - Keno account	1,895	-
Cash at bank - Gaming entitlement	6	45,009
	<u>1,358,817</u>	<u>773,778</u>

### 6 Trade and Other Receivables

	2017	2016
	\$	\$
CURRENT		
Trade receivables	7,869	17,364
Related party loan and receivables	-	874,767
Provision for impairment	-	(399,283)
	<u>-</u>	<u>475,484</u>
	<u>7,869</u>	<u>492,848</u>

### 7 Inventories

	2017	2016
	\$	\$
Food stock on hand - at cost	37,248	25,520
Liquor stock on hand - at cost	55,927	61,246
Wish gift cards - at cost	11,115	7,980
	<u>104,290</u>	<u>94,746</u>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 8 Other Assets

	2017	2016
	\$	\$
CURRENT		
Prepayments	85,626	167,497
NON-CURRENT		
TAB guarantee	10,000	10,000
Bond deposit	1,365	1,365
	<u>11,365</u>	<u>11,365</u>

### 9 Property Plant and Equipment

	2017	2016
	\$	\$
Leasehold improvements at cost	679,692	707,408
Less accumulated depreciation	(457,813)	(384,034)
	<u>221,879</u>	<u>323,374</u>
Air conditioning at cost	201,665	195,045
Less accumulated depreciation	(108,884)	(101,768)
	<u>92,781</u>	<u>93,277</u>
Motor vehicles at cost	49,623	49,623
Less accumulated depreciation	(36,004)	(31,464)
	<u>13,619</u>	<u>18,159</u>
Furniture & equipment at cost	1,660,545	1,486,645
Less accumulated depreciation	(856,550)	(757,522)
Less impairment	(16,876)	(16,876)
	<u>787,119</u>	<u>712,247</u>
Refrigeration at cost	248,986	245,167
Less accumulated depreciation	(151,433)	(140,136)
	<u>97,553</u>	<u>105,031</u>
Electronic Gaming Machines(E.G.M) at cost	1,597,356	1,416,830
Less accumulated depreciation	(653,260)	(502,162)
	<u>944,096</u>	<u>914,668</u>
Total Property, plant and equipment	<u>2,157,047</u>	<u>2,166,756</u>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 9 Property Plant and Equipment continued

#### (a) Movements in Carrying Amounts

	Leasehold Improvements at cost	Air Conditioning at cost	Motor Vehicles at cost	Furniture & Equipment at cost	E.G.M. at Cost	Refrigeration at cost	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Current Year</b>							
Balance at the beginning of year	323,374	93,277	18,159	712,247	914,668	105,031	2,166,756
Additions	32,462	6,621	-	115,276	246,580	3,819	404,758
Disposals	-	-	-	(1,556)	(66,054)	-	(67,610)
Depreciation expense	(73,780)	(7,115)	(4,540)	(99,025)	(151,098)	(11,297)	(346,855)
Category re-allocations	(60,177)	-	-	60,177	-	-	-
Carrying amount at the end of year	<b>221,879</b>	<b>92,783</b>	<b>13,619</b>	<b>787,119</b>	<b>944,096</b>	<b>97,553</b>	<b>2,157,049</b>
<b>Prior Year</b>							
Balance at the beginning of year	308,635	99,162	24,234	702,852	743,857	111,101	1,989,841
Additions	44,494	1,673	-	90,485	359,677	5,089	501,418
Disposals	-	-	-	-	(46,933)	-	(46,933)
Depreciation expense	(29,755)	(7,558)	(6,075)	(81,090)	(141,933)	(11,159)	(277,570)
Carrying amount at the end of year	<b>323,374</b>	<b>93,277</b>	<b>18,159</b>	<b>712,247</b>	<b>914,668</b>	<b>105,031</b>	<b>2,166,756</b>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 10 Intangible Assets

	2017	2016
	\$	\$
Gaming entitlements at cost	2,085,356	2,085,356
Less accumulated amortisation	(1,018,117)	(809,576)
<b>Net carrying value</b>	<b>1,067,239</b>	<b>1,275,780</b>

### 11 Trade and Other Payables

	2017	2016
	\$	\$
CURRENT		
<b>Unsecured liabilities</b>		
Trade payables	445,573	547,812
Other payables	65,998	46,929
Trade payables	511,571	594,741

### 12 Employee benefits liabilities

	2017	2016
	\$	\$
CURRENT		
Accrued annual leave	267,508	245,935
Accrued long service leave	253,455	208,938
	520,963	454,873
NON-CURRENT		
Accrued long service leave	77,743	93,277
	77,743	93,277

### 13 Loans and borrowings

	2017	2016
	\$	\$
CURRENT		
<b>Unsecured liabilities</b>		
Gaming entitlement payable	-	453,365
<b>Secured liabilities</b>		
Bank loan	-	99,262
Hire purchase payable	83,493	83,493
	83,493	636,120

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 13 Loans and borrowings continued

	2017	2016
	\$	\$
NON-CURRENT		
<b>Secured liabilities:</b>		
Hire purchase payable	10,448	89,950
	<u>10,448</u>	<u>89,950</u>

- (a) In respect of the borrowings paid out through Westpac Banking Corporation during 2017 (2016: \$99,262) there was a registered mortgage over the lease agreement over property situated at 90/94-124 Deakin Avenue, Mildura and a general security agreement provided over the assets and uncalled capital of the Club which includes a charge over the liquor licence of the Club. These borrowings were paid out in October 2016 and the above security released from the bank.
- (a) Gaming Entitlements Payable - Victorian Commissioner of Gaming Regulation - the current payable totalling \$Nil (2016: \$421,576) related to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements in 2016/17 paid over 10 months with the last payment due 1 May 2017. This commitment has been paid out in full within required terms.

### 14 Key Management Personnel Compensation

The totals of remuneration paid to the key management personnel (KMP) of Mildura Working Man's Club Inc. during the year are as follows:

	2017	2016
	\$	\$
Key management personnel compensation	121,212	130,443
	<u>121,212</u>	<u>130,443</u>

Any person(s) having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 15 Financial Liability, Leasing and Commitments

#### Commitments

##### (a) Hire Purchase Commitments

During the year ended 30 June, 2017 the Club completed its hire purchase commitments for 9 poker machine licenses (2016 : 9).

Payable - minimum hire purchase payments

	2017	2016
	\$	\$
Not later than one year	-	3,285
Future finance charges	-	(85)
<b>Present value of total hire purchase commitments</b>	<u>-</u>	<u>3,200</u>

Hire purchase is for electronic gaming machines which commenced in July 2012 for a 36 month term. Ownership of the licenses has passed to the Club and the commitment has been paid in full.

##### (b) Operating Lease Commitments

Non cancellable operating lease contracted for but not capitalised in the financial statements:

Payable - minimum lease payments	2017	2016
Not later than one year	407,239	407,239
Later than one year and not later than five years	2,036,195	2,036,195
Later than five years	<u>407,239</u>	<u>814,458</u>
<b>Total liability</b>	<u>2,850,673</u>	<u>3,257,892</u>

The property lease commitments are non-cancellable operating lease contracted for but not capitalised in the financial statements with a 10 year term commencing 14 April 2015. Increase in lease commitments may occur in line with the consumer price index (CPI).

##### (c) Gaming entitlement commitments

In April 2008, the Victorian Government announced that Victoria would end the current gaming machine duopoly and replace it with a new venue operator model from 2012.

To operate gaming machines under the new arrangements clubs and hotels were given the opportunity to purchase 10-year gaming machine entitlements through the 2010 Gaming Auction. The Club successfully acquired 67 gaming machine entitlements.



# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 15 Financial Liability, Leasing and Commitments continued

The Club commenced quarterly payments in August 2012 for a maximum period of five years. These payments have been settled in full at 30 June 2017 extinguishing this commitment.

*Payable - minimum entitlements payable*

	2017	2016
	\$	\$
Not later than one year	-	467,519
Later than five years	-	-
Less future interest charges	-	(14,154)
<b>Present value of total gaming entitlement commitments</b>	<b>-</b>	<b>453,365</b>

#### (d) Hire Purchase finance lease commitments

Hire Purchase finance lease with Aristocrat Technologies Australia for 8 electronic gaming machines is held with a 36 month term from September 2015.

The Club makes monthly payments and lease commitments are as follows:

*Payable - minimum Hire Purchase payments*

	2017	2016
	\$	\$
Not later than one year	83,493	83,493
Later than one years and not later than five years	13,729	97,539
Later than five years	-	-
	97,222	181,032
Less future interest charges	(3,281)	(10,790)
<b>Present value of total gaming machine commitments</b>	<b>93,941</b>	<b>170,242</b>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 16 Contingent Liabilities

At 30 June, 2017 the Board is unaware of any liability, contingent or otherwise, not already shown elsewhere in this financial report.

### 17 Cash Flow Information

#### (a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2017	2016
	\$	\$
Profit / (loss) for the year	474,226	(23,286)
Non-Cash Flows in operating profit /(loss)		
Amortisation	208,541	204,396
Depreciation	346,855	277,570
Net loss (gain) on disposal of plant and equipment	(10,020)	(13,400)
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	9,496	3,381
(Increase)/Decrease in other assets	81,871	(5,374)
(Increase)/Decrease in inventories	(9,544)	317
Increase/(Decrease) in trade and other payables	(83,170)	42,697
Decrease in employee liabilities	50,556	33,359
	<u>1,068,811</u>	<u>519,660</u>

#### (b) Reconciliation of cash

	2017	2016
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash on hand	40,000	40,000
Cash on hand - Gaming machines	85,000	85,000
Cash on hand - Office float	30,000	31,419
Cash at bank - Current accounts	91,587	185,250
Cash at bank - Bingo accounts	11,116	3,933
Cash at bank - Gaming account	95,920	82,147
Cash at bank - Jackpot account	24,137	24,427
Cash Business Reserve	979,156	276,593
Cash at bank - Gaming entitlement account	6	45,009
	<u>1,356,922</u>	<u>773,778</u>

# Mildura Working Man's Club Inc.

## Notes to the Financial Statements

for the Year Ended 30 June 2017

### 18 Financial Risk Management

The Club's financial instruments consist mainly of deposits with banks, trade and other payables, and financial liabilities.

The carrying amounts for each category of financial instruments are measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements.

#### Fair Values

Cash and cash equivalents, trade and other payables, trade and other debtors and loans and borrowings are measured at amortised cost.

The carrying amount of all financial instruments held by the Club approximates fair value.

### 19 Related Party Transactions

(a) The following persons held office on the Board of Management during the financial year:

Mr Daniel Cawood - President  
Mr Chris Hobart - Vice-President (effective 18 September 2016)  
Mr Wallace Robson - Vice-President (retired 18 September 2016)  
Mr Kevin Hogarth  
Mr Eric Fiesley (deceased, position vacated 5 June 2017)  
Mr John Zigouras  
Mr Shane Smith  
Mr Lynton Shepherd  
Miss Alison Cupper  
Mr Antonio Alessi (appointed 1 October 2016).

#### (b) Related party transactions

Transactions between related parties are on normal commercial terms and conditions not more favourable than any conditions than those available to members.

The following summarises transactions between the Club and members of the Board:

- Mr Shane Smith, Proprietor of Park Douglas Printing, has provided services to the Club during the period of his Board tenure. Payment for these services totalled \$32,750 for the 2016/17 financial year.

### 20 Events After the Balance Sheet Date

The directors are not aware of any significant events since the end of the reporting period.

### 21 Association Details

#### Registered office

The registered office of the Club is:  
Mildura Working Man's Club Inc.  
100-110 Deakin Avenue  
Mildura VIC 3500

# Mildura Working Man's Club Inc.

Reg No: A0025085Z

## Certificate by Members of the Committee

I, Mr Daniel Cawood, being a member of the Board of Management of Mildura Working Man's Club Inc., certify that:

The Statements attached to the certificate give a true and fair view of the financial position of Mildura Working Man's Club Inc. during and at the end of the financial year of the Club ending on 30 June 2017.

Dated 24 August 2017

.....  
**Mr Daniel Cawood - President**