

Mildura Working Man's Club Inc.

Reg No: A0025085Z

General Purpose Financial Report

for the Year Ended 30 June 2018

Mildura Working Man's Club Inc.

Reg No: A0025085Z

For the Year Ended 30 June 2018

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Mildura Working Man's Club Inc.

Reg No: A0025085Z

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	2	12,911,625	12,896,329
Profit on Sale of Fixed Assets		12,968	10,020
Consumables used	3	(2,604,986)	(2,704,595)
Employee benefits expense	3	(3,792,593)	(3,634,641)
Depreciation expense	3	(387,300)	(346,855)
Amortisation expense	3	(208,536)	(208,536)
Gaming tax expense	3	(2,610,692)	(2,448,960)
Rental expense - minimum lease payments	3	(434,310)	(421,682)
Borrowing costs	3	(8,950)	(13,250)
Other expenses	3	(2,595,836)	(2,653,604)
Profit before income tax		281,390	474,226
Income tax expense	4	-	-
Profit for the year		281,390	474,226
Other comprehensive income for the year		-	-
Total comprehensive income for the year		281,390	474,226

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 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,856,894	1,358,817
Trade and other receivables	6	17,795	7,869
Inventories	7	101,314	104,290
Other assets	8	159,082	85,626
Total current assets		2,135,085	1,556,602
Non-current assets			
Other assets	8	10,000	11,365
Property, plant and equipment	9	2,128,013	2,157,047
Intangible assets	10	858,703	1,067,239
Total non-current assets		2,996,716	3,235,651
TOTAL ASSETS		5,131,801	4,792,253
LIABILITIES			
Current liabilities			
Trade and other payables	11	636,718	511,571
Loans and borrowings	13	13,736	83,493
Employee benefits	12	586,100	520,963
Total current liabilities		1,236,554	1,116,027
Non-current liabilities			
Employee benefits	12	25,822	77,743
Loans and borrowings	13	-	10,448
Total non-current liabilities		25,822	88,191
TOTAL LIABILITIES		1,262,376	1,204,218
NET ASSETS		3,869,425	3,588,035
MEMBERS' FUNDS			
Retained earnings		3,869,425	3,588,035
TOTAL MEMBERS' FUNDS		3,869,425	3,588,035

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 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2017	3,588,035	3,588,035
Profit for the year	281,390	281,390
Balance at 30 June 2018	<u>3,869,425</u>	<u>3,869,425</u>

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	3,113,809	3,113,809
Profit for the year	474,226	474,226
Balance at 30 June 2017	<u>3,588,035</u>	<u>3,588,035</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 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	14,412,240	14,169,371
Payments to suppliers and employees	(13,486,330)	(13,091,192)
Interest received	6,620	3,882
Borrowing costs paid	(8,950)	(13,250)
Net cash provided by operating activities	17 <u>923,580</u>	<u>1,068,811</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	47,466	77,630
Payment for purchase of plant and equipment	(392,764)	(404,758)
Net cash used in investing activities	<u>(345,298)</u>	<u>(327,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(80,205)	(632,128)
Receipts from related entities	-	475,484
Net cash provided by (used in) financing activities	<u>(80,205)</u>	<u>(156,644)</u>
Net increase in cash and cash equivalents held	498,077	585,039
Cash and cash equivalents at beginning of year	<u>1,358,817</u>	<u>773,778</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,856,894</u></u>	<u><u>1,358,817</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 2018

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 2018 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).

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(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.

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 formula 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.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(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.

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.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(k) Property, plant and equipment Depreciation rates

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

Class of Fixed Asset	Depreciation Rate
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.

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).

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(m) Financial instruments

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.

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.

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.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(m) Financial instruments

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 statement of profit or loss and other comprehensive 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.

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.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(o) Goods and Services Tax (GST)

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.

(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.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

1 Statement of Significant Accounting Policies

(s) Critical accounting estimates and judgments

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.

(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 as income is predominantly earned at the point of sale and there are no contracts with customers for supply of goods and/or services.
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 2018, when this Standard is first adopted for the year ending 30 June 2020, there will likely be an impact on the transactions and balances recognised in the financial statements due to recognition of off balance sheet operating leases.

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

2 Revenue

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
- Main bar	1,475,625	1,503,313
- Bistro bar	595,247	620,233
- Function rooms	57,700	77,700
- Gaming	6,403,332	6,274,391
- Catering	3,278,313	3,441,037
	<u>11,810,217</u>	<u>11,916,674</u>
Finance income		
- interest received	6,620	3,882
	<u>6,620</u>	<u>3,882</u>
Other revenue		
- Keno and TAB	586,056	463,805
- Member subscriptions	110,165	117,034
- Raffles and Bingo	272,070	248,222
- Rental and room hire	60,692	61,414
- Miscellaneous revenue	65,805	85,298
	<u>1,094,788</u>	<u>975,773</u>
Total Revenue from Continuing Operations	<u>12,911,625</u>	<u>12,896,329</u>

3 Profit from Ordinary Activities

Profit before Income Tax Expense has been determined after:

	2018	2017
	\$	\$
Expenses		
- Consumables used	2,604,986	2,704,595
- Employee benefits expense	3,792,593	3,634,641
- Depreciation	387,300	346,855
- Gaming tax expense	2,610,692	2,448,960
- Rental expense - minimum lease payments	434,310	421,682
- Borrowing costs	8,950	13,250
- Amortisation expense	208,536	208,536
Sub total expenses	<u>10,047,367</u>	<u>9,778,519</u>

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

3 Profit from Ordinary Activities

	2018	2017
	\$	\$
Other expenses		
Advertising	112,271	141,669
Community benefits	389,454	389,975
Cleaning	246,574	245,620
Electricity	153,074	146,013
Promotion	202,781	213,280
Repairs and maintenance	106,398	111,662
Security costs	121,539	120,946
Other expenses	1,263,745	1,284,439
Total other expenses	<u>2,595,836</u>	<u>2,653,604</u>

4 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2018	2017
	\$	\$
The prima facie tax payable/(receivable) on current year surplus before income tax at 30% (2017: 30%)	84,417	142,268
Add:		
Tax effect of:		
- other non-deductible expenses included in the accounts	3,474,265	3,412,743
Less:		
Tax effect of:		
- deduction for decline in value of depreciating assets	116,190	117,454
- other income not included in assessable income	3,417,833	3,413,008
- other deductible expenses	71,392	70,128
Tax losses carried forward for which no deferred tax losses recognised	(46,733)	(45,579)
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

- % - %

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

4 Income Tax Expense

As at 30 June 2018 the Club had unrecognised deferred tax assets in respect of unutilised tax losses. Accumulated tax losses as at 30 June 2018 amounted to \$781,684 (2017: \$625,907).

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

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	50,800	40,000
Cash on hand - Gaming machines	85,000	85,000
Cash on hand - Office float	30,000	30,000
Cash at bank - Current accounts	247,615	91,587
Cash at bank - Bingo account	5,309	11,116
Cash at bank - Jackpot account	23,982	24,137
Cash at bank - Gaming account	1,748	95,920
Cash Business Reserve	1,410,432	979,156
Cash at bank - Keno account	2,002	1,895
Cash at bank - Gaming entitlement	6	6
	<u>1,856,894</u>	<u>1,358,817</u>

6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	17,795	7,869
	<u>17,795</u>	<u>7,869</u>

7 Inventories

	2018	2017
	\$	\$
Food stock on hand - at cost	33,097	37,248
Liquor stock on hand - at cost	64,987	55,927
Wish gift cards - at cost	3,230	11,115
	<u>101,314</u>	<u>104,290</u>

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

8 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	159,082	85,626
NON-CURRENT		
TAB guarantee	10,000	10,000
Bond Deposit	-	1,365
	<u>10,000</u>	<u>11,365</u>

9 Property Plant and Equipment

	2018	2017
	\$	\$
Leasehold improvements at cost	691,603	679,692
Less accumulated depreciation	(504,047)	(457,813)
	<u>187,556</u>	<u>221,879</u>
Air conditioning at cost	201,665	201,665
Less accumulated depreciation	(115,842)	(108,884)
	<u>85,823</u>	<u>92,781</u>
Motor Vehicles at cost	49,623	49,623
Less accumulated depreciation	(39,408)	(36,004)
	<u>10,215</u>	<u>13,619</u>
Furniture & equipment at cost	1,854,500	1,660,545
Less accumulated depreciation	(971,876)	(856,550)
Less impairment	(16,876)	(16,876)
	<u>865,748</u>	<u>787,119</u>
Refrigeration at cost	248,986	248,986
Less accumulated depreciation	(161,188)	(151,433)
	<u>87,798</u>	<u>97,553</u>
Electronic Gaming Machines (EGM) at cost	1,749,754	1,597,356
Less accumulated depreciation	(858,881)	(653,260)
	<u>890,873</u>	<u>944,096</u>
Total Property, plant and equipment	<u>2,128,013</u>	<u>2,157,047</u>

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

9 Property Plant and Equipment

(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
	\$	\$	\$	\$	\$	\$	\$
Current Year							
Balance at the beginning of year	221,879	92,781	13,619	787,119	944,096	97,553	2,157,047
Additions	29,075	-	-	176,791	186,898	-	392,764
Disposals - written down value	-	-	-	-	(34,498)	-	(34,498)
Transfers	(17,164)	-	-	17,164	-	-	-
Depreciation expense	(46,234)	(6,958)	(3,404)	(115,326)	(205,623)	(9,755)	(387,300)
Carrying amount at the end of year	187,556	85,823	10,215	865,748	890,873	87,798	2,128,013
Prior Year							
Balance at the beginning of year	323,374	93,275	18,159	712,247	914,668	105,031	2,166,754
Additions	32,462	6,621	-	115,276	246,580	3,819	404,758
Transfers	-	-	-	(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	221,879	92,781	13,619	787,119	944,096	97,553	2,157,047

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

10 Intangible Assets

	2018	2017
	\$	\$
Gaming entitlements at cost	2,085,356	2,085,356
Less accumulated amortisation	(1,226,653)	(1,018,117)
Net carrying value	858,703	1,067,239

11 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	583,739	445,573
Other payables	52,979	65,998
	636,718	511,571

12 Employee benefits liabilities

	2018	2017
	\$	\$
CURRENT		
Accrued annual leave	266,774	267,508
Accrued long service leave	319,326	253,455
	586,100	520,963
NON-CURRENT		
Accrued long service leave	25,822	77,743
	25,822	77,743

13 Loans and borrowings

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Secured liabilities		
Hire purchase payable	13,736	83,493
	13,736	83,493

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

13 Loans and borrowings

	2018	2017
	\$	\$
NON-CURRENT		
Secured liabilities:		
Hire purchase payable	-	10,448
	<u>-</u>	<u>10,448</u>

- (a) In respect of the borrowings paid out through Westpac Banking Corporation during 2017 there was a registered mortgage over the lease agreement over property situated at 100-110 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.
- (b) Gaming Entitlements Payable - Victorian Commissioner of Gaming Regulation - there is no remaining amount payable for gaming entitlements in 2017/18 as these were paid out in 2016/17 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:

	2018	2017
	\$	\$
Key management personnel compensation	172,266	121,212
	<u>172,266</u>	<u>121,212</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 2018

15 Financial Liability, Leasing and Commitments

(a) Operating Lease commitments

Non cancellable operating lease for Club venue property which is contracted for but not capitalised in the financial statements. The property lease commitment has a 10 year term commencing 14 April 2015. Incomes in lease commitments may occur in line with the consumer price index (CPI).

Payable - minimum entitlements payable

	2018	2017
	\$	\$
Not later than one year	407,239	407,239
Later than one years and not later than five years	2,036,195	2,036,195
Later than five years	-	407,239
Total value of property lease commitments	2,443,434	2,850,673

(b) 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

	2018	2017
	\$	\$
Not later than one year	13,831	83,493
Later than one years and not later than five years	-	13,729
	13,831	97,222
Less future interest charges	(95)	(3,281)
Present value of total gaming machine commitments	13,736	93,941

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

16 Contingent Liabilities

At 30 June 2018 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

	2018	2017
	\$	\$
Profit for the year	281,390	474,226
Non-Cash Flows in operating profit		
Amortisation	208,536	208,541
Depreciation	387,300	346,855
Net loss (gain) on disposal of plant and equipment	(12,968)	(10,020)
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	(9,926)	9,496
(Increase)/Decrease in other assets	(72,091)	81,871
(Increase)/Decrease in inventories	2,976	(9,544)
Increase/(Decrease) in trade and other payables	125,147	(83,170)
Increase/(Decrease) in employee benefits	13,216	50,556
Cash Flow from Operations	<u>923,580</u>	<u>1,068,811</u>

(b) Reconciliation of cash

	2018	2017
	\$	\$
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	50,800	40,000
Cash on hand - Gaming machines	85,000	85,000
Cash on Hand - Office float	30,000	30,000
Cash at bank - Current accounts	247,615	91,587
Cash at bank - Bingo accounts	5,309	11,116
Cash at bank - Gaming account	1,748	95,920
Cash at bank - Jackpot account	23,982	24,137
Cash at bank - Keno Account	2,002	-
Cash Business Reserve	1,410,432	979,156
Cash at bank - Gaming entitlement account	6	6
	<u>1,856,894</u>	<u>1,356,922</u>

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

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.

	Interest bearing		Non-interest bearing		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Assets						
Cash and cash equivalents	1,691,094	1,203,817	165,800	155,000	1,856,894	1,358,817
Trade and other receivables	-	-	17,795	7,869	17,795	7,869
Total Financial Assets	1,691,094	1,203,817	183,595	162,869	1,874,689	1,366,686
Liabilities						
Accounts and other payables	-	-	(636,718)	(511,571)	(636,718)	(511,571)
Financial liabilities	-	-	-	-	-	-
- Hire purchase payable	(13,736)	(93,941)	-	-	(13,736)	(93,941)
Total Financial Liabilities	(13,736)	(93,941)	(636,718)	(511,571)	(650,454)	(605,512)

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
Mr Kevin Hogarth
Mr John Zigouras
Mr Shane Smith
Mr Lynton Shepherd
Miss Alison Cupper (resigned 4 July 2018)
Mr Antonio Alessi (resigned 14 July 2017)
Mr Lawrence Jaensch (appointed 26 April 2018).

(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 \$23,012 for the 2017/18 financial year (\$32,750 for the 2016/17 financial year).

Mildura Working Man's Club Inc.

Notes to the Financial Statements

for the Year Ended 30 June 2018

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 President of the Board of Management of Mildura Working Man's Club Inc., certify on behalf of the committee that:

- The attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, the Associations Incorporation Reform Act 2012 and Associations Incorporation Reform Regulations 2012;
- The financial statements attached to this certificate give a true and fair view of the financial position of Mildura Working Man's Club Inc. as at 30 June 2018 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated 9 August 2018



Mr Daniel Cawood - President

INDEPENDENT AUDITOR'S REPORT to the members of Mildura Working Man's Club Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mildura Working Man's Club Incorporated (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of the Club is in accordance with the *Associations Incorporation Reform Act 2012*, including:

- (a) giving a true and fair view of the Club's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Reform Regulations 2012*.

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

Responsibilities of Management and Committee Members for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting and for such internal control as management determines 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, management is responsible for assessing the Club'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 management either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

CROWE HORWATH MURRAY DARLING



Josh Porker
Senior Manager

Dated this the 9th day of August 2018 in Mildura, Victoria.