

# **The Albury Sailors, Soldiers and Airmen's Club Ltd**

ACN 001 042 397

## **Financial Statements**

**For the year ended 31 May 2018**

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## Directors' Report

For the year ended 31 May 2018

Your directors present the financial statements of The Albury Sailors, Soldiers and Airmen's Club Ltd (the Company) for the year ended 31 May 2018.

### Directors

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

E. Dunlop - President Board Member since 27 October 2010 Company Director at Dunlop Drilling.	M. Chapman – Vice President Board Member since 31 October 2012 Retired school principal
J. Walpole OAM Board Member since 27 October 2010 Retired Army Major	M. Leman – Vice President Board Member since 27 October 2010 Catering and Hotel Services Manager at Albury Wodonga Private Hospital
C. Darts Board Member since 27 October 2010 Retired serviceman	M. Ashcroft Board Member since 31 October 2012 Insurance representative at Elders Insurance
M. Fowler Board Member since 27 October 2010 Retired serviceman in the Australian Defence Force	M. Dando Board Member since 29 October 2014 Retired Army Major
M. Randall Board Member since 29 October 2014 Director at Dutch Media	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company secretary

The Company's secretary is Mr Gerard Darmody, who was appointed on 29 February 2017. Mr Darmody is the Company's Chief Executive Officer.

### Principal activities

The principal activities of the Company during the year were management of licensed social club facilities with associated sporting activities for members of the club.

### Review of operations

The operating profit of the club for the year before income tax and result from discontinued operations was \$1,503,593 (2017: \$1,500,793). Income tax expense is nil (2017: nil).

### Short term and long term objectives

The Club's short term objectives are to provide for members and guests a safe environment and to continue to provide members and guests the best service possible.

In the long term, the company has adopted the following strategies:

- To become financially secure;
- To grow the club operations in accordance with members interests; and
- To trade profitably to enable updating of amenities and guarantee future growth.

## Directors' Report

For the year ended 31 May 2018

### Events subsequent to reporting date

There has not arisen in the period between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Club, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

### Meetings of directors

The number of meetings of the Company's directors held during the year ended 31 May 2018, and the numbers of meetings attended by each director were:

	No. of Meetings Attended	No. of Meetings Held*
E. Dunlop	13	13
M. Fowler	12	13
M. Leman	13	13
J. Walpole	13	13
C. Darts	6	13
M. Ashcroft	12	13
M. Chapman	11	13
M. Dando	11	13
M. Randall	11	13

\* reflects the number of meetings held during the time the director held office during the year.

### Member Liability

The Company is incorporated as a Company limited by guarantee. In accordance with the Memorandum of Association of the Company, every member of the Company undertakes to contribute an amount limited to \$1 per member in the event of winding up the Company during the time he or she is a member or within one year thereafter. The number of members at 31 May 2018 was 23,748 (2017: 21,092).

### Core and Non-core Property

In accordance with Section 41 of the *Registered Clubs Act 1976*, core property of a registered club means any real property owned or occupied by the club that comprises:

- a. the defined premises of the club, or
- b. any facility provided by the club for the use of its members and their guests, or
- c. any other property declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, to be core property of the club, but does not include any property referred to in paragraphs (a) - (b) that is declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, not to be core property of the club.

The following is a breakdown of the club's core and non-core real property:

#### *Core Real Property*

570-580 Olive Street, Albury (main club, with the exception of car park, refer below).

#### *Non-core Real Property*

Lot 2 in Deposited Plan 1090460 (land comprising Olive Street car park).

The Albury Sailors, Soldiers and Airmen's Club Ltd

## **Directors' Report**

For the year ended 31 May 2018

### **Auditor's independence**

The lead auditor's independence declaration for the year ended 31 May 2018 has been received and can be found on page 5 of the financial report.

This report is signed in accordance with a resolution of the directors.

President  
Edward Dunlop

Vice President  
Mark Leman

Albury  
28 August 2018

The Albury Sailors, Soldiers and Airmen's Club Ltd

## **Directors' Report**

For the year ended 31 May 2018

### **Auditors' Independence Declaration**

As lead auditor for the audit of The Albury Sailors, Soldiers and Airmen's Club Ltd for the year ended 31 May 2018, I declare that, to the best of my knowledge and belief, there have been:

- a.) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b.) No contraventions of any applicable code of professional conduct in relation to the audit.

Johnsons MME  
Chartered Accountants

Stephen Clarke  
Director

Albury  
28 August 2018

The Albury Sailors, Soldiers and Airmen's Club Ltd

## **Directors' Declaration**

For the year ended 31 May 2018

The directors declare that the financial statements and notes set out on pages 7 to 21:

- a) comply with Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Company's financial position as at 31 May 2018 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the director's opinion:

- a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- 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.

This declaration is made in accordance with a resolution of the directors.

President  
Edward Dunlop

Vice President  
Mark Leman

Albury  
28 August 2018

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 May 2018

	Note	2018 \$	2017 \$
<b>Revenue</b>	2	23,771,544	23,953,713
Cost of goods sold	3	2,564,326	2,550,277
Employee related expense		6,585,619	6,334,402
Poker machines taxes & monitoring fees		3,955,721	4,023,800
Advertising, promotion and marketing expense		3,030,759	3,171,388
Depreciation and amortisation	3	2,049,264	2,223,606
Utilities and Rent		971,705	1,074,549
Repairs and maintenance		480,052	475,345
Security expenses		456,998	404,516
Professional fees		264,730	318,679
Finance costs	3	205,777	359,158
IT and communications		482,337	428,691
Insurance		162,229	153,459
Gifts and donations		360,343	253,317
Borrowing costs		44,843	38,362
Travel and accommodation		19,028	18,307
Other expenses		634,220	625,064
<b>Profit before income tax</b>		<u>1,503,593</u>	<u>1,500,793</u>
Income tax expense	1(b),4	-	-
<b>Net Profit for the year</b>		<u>1,503,593</u>	<u>1,500,793</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Result for the year</b>		<u><u>1,503,593</u></u>	<u><u>1,500,793</u></u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position

As at 31 May 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	695,535	537,082
Trade and other receivables	6	128,251	75,637
Inventories	7	237,202	217,328
Other	8	119,406	207,225
<b>Total Current Assets</b>		<b>1,180,394</b>	<b>1,037,272</b>
<b>Non-Current Assets</b>			
Other financial assets		206	206
Property, plant and equipment	9	29,978,773	28,593,107
Intangible assets	10	5,299	9,991
<b>Total Non-Current Assets</b>		<b>29,984,278</b>	<b>28,603,304</b>
<b>Total Assets</b>		<b>31,164,672</b>	<b>29,640,576</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	1,682,750	1,536,790
Borrowings	12	1,760,283	1,103,098
Provisions	13	632,092	822,898
Other liabilities	14	169,449	160,472
<b>Total Current Liabilities</b>		<b>4,244,574</b>	<b>3,623,258</b>
<b>Non-current liabilities</b>			
Borrowings	15	2,729,637	3,328,180
Provisions	16	46,359	48,629
<b>Total Non-Current Liabilities</b>		<b>2,775,996</b>	<b>3,376,809</b>
<b>Total Liabilities</b>		<b>7,020,570</b>	<b>7,000,067</b>
<b>Net Assets</b>		<b>24,144,102</b>	<b>22,640,509</b>
<b>EQUITY</b>			
Revaluation Reserve		3,950,000	3,950,000
Retained earnings		20,194,102	18,690,509
<b>Total Equity</b>		<b>24,144,102</b>	<b>22,640,509</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

The Albury Sailors, Soldiers and Airmen's Club Ltd

## Statement of Changes in Equity

For the year ended 31 May 2018

	Notes	Retained Profits	Revaluation Reserve	Total
Balance at 1 June 2016		17,189,716	3,950,000	21,139,716
Net profit for the year		1,500,793	-	1,500,793
Balance at 31 May 2017		<u>18,690,509</u>	<u>3,950,000</u>	<u>22,640,509</u>
Net profit for the year		1,503,593	-	1,503,593
Balance at 31 May 2018		<u>20,194,102</u>	<u>3,950,000</u>	<u>21,144,102</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

For the year ended 31 May 2018

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from members & customers		23,652,215	25,346,963
Payments to suppliers and employees		(19,924,959)	(22,281,814)
		<u>3,727,266</u>	<u>3,065,149</u>
Interest paid		(250,620)	(397,520)
Interest received		-	22,247
Taxes paid		14,757	-
<b>Net cash inflow/(outflow) from operating activities</b>		<u>3,491,393</u>	<u>2,689,876</u>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(3,532,464)	(1,342,212)
Payments for intangible assets		-	-
Proceeds from the sale of property, plant and equipment		140,882	170,540
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(3,391,582)</u>	<u>(1,171,672)</u>
<b>Cash flows from Financing Activities</b>			
Proceeds from borrowings		914,696	-
Repayment of borrowings		(856,054)	(2,271,212)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>58,642</u>	<u>(2,271,212)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		158,453	(753,008)
Cash at the beginning of the financial year		537,082	1,290,091
<b>Cash at the End of the Financial Year</b>	5	<u>695,535</u>	<u>537,082</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 1. Summary of significant accounting policies

The Albury Sailors, Soldiers and Airmen's Club Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010–2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

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 (AASB), and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### Basis of preparation

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

Under Australian Accounting Standards, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The company has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the Company has elected to apply options and exemptions within the accounting standards which are applicable to not-for-profit entities.

Comparative information has been reclassified where appropriate to enhance comparability.

#### (a) Revenue

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

##### (i) Sale of goods and services

Revenue from the sale of food, beverage and other goods is recognised upon delivery of goods to customers.

Revenue from gaming and other services rendered is recognised upon delivery of the service to customers.

##### (ii) Membership revenue

Membership revenue is brought to account on a progressive basis over the period in which members are able to enjoy the use of the Company's facilities. Any subscriptions received in advance are brought to account as a liability (refer note 14).

##### (iii) Interest

Interest revenue is recognised on an accrual basis taking into account applicable interest rates.

#### (b) Income Tax

Income tax comprises current tax and deferred tax. Income tax expense is recognised in the profit or loss of the club except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The mutuality principle has been applied to the income tax calculation of the Club. The Club has applied a non-member apportionment rate for the 2018 financial year of 19.63% (2017: actual 34%).

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 1. Summary of significant accounting policies (continued)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(c) Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred.

**(d) Maintenance & Repairs**

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

**(f) Trade and Other Receivables**

All trade receivables are carried at their nominal amount. Collectability of debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised when some doubt as to collection of the debt exists.

**(g) Inventories**

Inventory is stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

**(h) Property, Plant & Equipment**

All plant and equipment is stated at cost less depreciation and impairment losses. Cost is measured as the fair value of the assets given up, liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. The purchase method of accounting is used for all acquisitions of assets.

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation that decrement are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 1. Summary of significant accounting policies (continued)

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, with the exception of buildings for which depreciation is recognised on a straight line basis. Land is not depreciated. All assets purchased from 1 June 2012 have the straight line method of depreciation applied to them.

The estimated useful lives for the current and comparative periods are as follows:

	2018	2017
Buildings	3%	3%
Plant and equipment	3-20%	3-20%
Motor vehicles	33%	33%
Computers	20%	20%
Gaming machines	20-30%	20-30%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

#### (i) Employee Entitlements

##### (i) Wages and salaries

Liabilities for wages and salaries are recognised and measured as the amount unpaid at the reporting date at current wage rates in respect of employees' service up to that date.

##### (ii) Annual leave

Liabilities for annual leave are recognised and are measured as the amount unpaid at the reporting date at pay rates expected to apply when the obligation is settled in respect of employees' services up to that date, including on-costs. All annual leave balances are classified as a current liability.

##### (iii) Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related on-costs and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. All long service leave which the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date is disclosed as a current liability and is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements.

#### (j) Intangible Assets

##### Other Intangible Assets - Software

Software acquired is measured at cost less accumulated amortisation.

##### Amortisation

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Software 6 years

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 1. Summary of significant accounting policies (continued)

**(k) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

**(l) Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value, less cost to sell and value in use.

**(m) Critical Accounting Estimates**

The directors evaluate estimates and judgements 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 internally and externally.

**Key Estimates**

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment. Where evidence of impairment exists, the recoverable amount of the asset is determined. The calculations performed in assessing recoverable amounts incorporate a number of estimates. No impairment has been recognised for the year ended 31 May 2018.

**(n) Borrowings**

Borrowings are carried at their principal amounts, which is not materially different to the present value of future cash flows associated with servicing the debt. Any interest payable on borrowings is accrued over the period it becomes due and is recorded as part of other creditors.

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**(p) Fair Value**

The Company measures some of its assets on a recurring basis. Fair value is the price the Company would receive to sell an asset in an orderly transaction between independent, knowledgeable and will market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset. In the absence of such a market, market information is extracted from the most advantageous market available to the Company at the end of the reporting period. For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 1. Summary of significant accounting policies (continued)

**(q) New Accounting Standards and interpretations**

A number of Australian Accounting Standards have been issued or amended since the last reporting date and are applicable to the entity but are not yet effective. The Board has assessed the impact of these amendments and they are immaterial to the entity. They have not been adopted in the preparation of the Financial Statements at balance date.

### Note 2. Revenue

	2018	2017
<b>Revenue from operating activities</b>	\$	\$
Poker Machines	15,813,110	16,132,413
Bar	3,722,696	3,291,692
Catering	3,056,051	3,224,289
Members subscriptions	117,077	120,071
Marketing and raffle takings	343,119	295,151
TAB, Keno and ATM commissions, Bingo takings	475,894	408,872
	<u>23,527,947</u>	<u>23,472,488</u>
<b>Revenue from outside the operating activities</b>		
Interest	-	6
Room hire, conferences and functions	49,765	28,615
Rent received	45,720	58,744
Sundry	87,177	226,643
Profit on sale of assets	60,935	167,217
	<u>243,597</u>	<u>481,225</u>
	<u>23,771,544</u>	<u>23,953,713</u>

### Note 3. Profit

**Net gains and expenses**

Profit before income tax expense includes the following expenses:

**Expenses**

Cost of goods sold		
- Bar	1,355,768	1,380,850
- Catering	1,208,558	1,169,427
	<u>2,564,326</u>	<u>2,550,277</u>
Depreciation and amortisation		
- Buildings	576,481	775,522
- Plant and equipment	1,472,057	1,446,975
- Amortisation of software	726	1,109
	<u>2,049,264</u>	<u>2,223,606</u>
Impairment of poker machine entitlements		-
Finance costs	205,777	359,158
Movement in provisions	193,077	(10,290)

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

<b>Note 4. Income tax expense</b>	2018	2017
	\$	\$
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax	1,503,593	1,500,793
Prima facie tax payable on current year surplus before income tax 30% (2017: 30%)	451,078	450,238
Add/(Less) tax effect of:		
- Non-deductible expenses/ non-assessable income	198,962	203,978
- Exempt Income – Non Taxable member income	(600,936)	(448,480)
- Tax Losses recouped	(49,104)	(205,736)
<b>Income tax expense</b>	<u><u>-</u></u>	<u><u>-</u></u>

### **Deferred tax balances**

No deferred tax balances have been recognised in the financial statements on the basis that a conservative approach has been taken in relation to the probability that they will be utilised in the future.

As at 31 May 2018 the Club had unrecognised carry forward tax losses of \$210,544 (2017: \$374,224).

### **Note 5. Current assets – Cash and Cash Equivalents**

Cash at bank	244,035	100,203
Cash on hand	451,500	436,879
	<u>695,535</u>	<u>537,082</u>

### **Note 6. Current assets – Trade and Other Receivables**

Trade debtors	86,899	69,901
Other	41,352	5,736
	<u>128,251</u>	<u>75,637</u>

All debtors are considered collectible.

### **Note 7. Current assets – Inventories**

Bar stocks	136,075	168,512
Catering stocks	101,127	48,816
	<u>237,202</u>	<u>217,328</u>

### **Note 8. Current assets – Other**

Prepayments	<u>119,406</u>	<u>207,225</u>
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## Notes to and forming part of the financial statements

For the year ended 31 May 2018

<b>Note 9. Non-current assets – Property, Plant and Equipment</b>	2018	2017
	\$	\$
<b>Land and buildings</b>		
Land – at fair value	8,300,000	8,300,000
Buildings – at cost	2,318,659	1,479,554
– at fair value	20,560,086	24,108,183
Less: Accumulated depreciation	<u>(7,328,350)</u>	<u>(10,037,896)</u>
	15,550,395	15,549,841
Total Land and Buildings	<u>23,850,395</u>	<u>23,849,841</u>
<b>Plant and equipment</b>		
Plant and Equipment – at cost	19,777,967	19,585,737
Less: Accumulated Depreciation	<u>(15,143,395)</u>	<u>(14,868,445)</u>
	4,634,572	4,717,292
Capital works in progress	1,493,806	25,974
<b>Total Property, Plant and Equipment</b>	<u>29,978,773</u>	<u>28,593,107</u>

Freehold land and buildings in Olive Street Albury were independently valued by Barry Coad FAPI, Certified Practising Valuer of Nelson Partners Australia Pty Ltd on the basis of fair value at 8 April 2015.

### Movements in carrying amounts:

	Land	Buildings	Plant and equipment	Capital works in progress	Total
WDV 1 June 2016	8,300,000	14,847,017	6,274,394	25,974	29,447,385
Additions	-	243,790	1,151,738	-	1,395,528
Disposals	-	-	(27,309)	-	(27,309)
Transfers	-	1,234,556	(1,234,556)	-	-
Depreciation	-	(775,522)	(1,446,975)	-	(2,222,497)
WDV 31 May 2017	<u>8,300,000</u>	<u>15,549,841</u>	<u>4,717,292</u>	<u>25,974</u>	<u>28,593,107</u>
Additions	-	571,400	1,493,232	1,467,832	3,532,464
Disposals	-	(48,167)	(50,092)	-	(98,259)
Transfers	-	53,802	(53,802)	-	-
Depreciation	-	(576,481)	(1,472,058)	-	(2,048,539)
WDV 31 May 2018	<u>8,300,000</u>	<u>15,550,395</u>	<u>4,634,572</u>	<u>1,493,806</u>	<u>29,978,773</u>

<b>Note 10. Non-current assets – Intangible Assets</b>	2018	2017
	\$	\$
Software	<u>5,299</u>	<u>9,991</u>

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 11. Current liabilities – Trade and Other Payables

	2018	2017
	\$	\$
Trade creditors	560,841	293,609
Accrued expenses	1,121,909	1,243,181
	<u>1,682,750</u>	<u>1,536,790</u>

### Note 12. Current liabilities – Borrowings

Business market loans	1,421,601	600,000
Hire purchase liabilities	158,922	272,437
Gaming Machine Licence Commitment	179,760	230,661
	<u>1,760,283</u>	<u>1,103,098</u>

Security:

- (i) NAB business loans are secured by registered mortgage debenture over the assets and income of the Club and transfer of the liquor licence.
- (ii) Hire purchase leases and equipment loans are secured against the relevant asset subject to finance.

### Note 13. Current liabilities – Provisions

Employee Entitlements - Annual Leave	330,992	351,540
Employee Entitlements - Long Service Leave	204,422	182,636
Points Redemption	38,967	217,957
Link Jackpots	57,711	70,765
	<u>632,092</u>	<u>822,898</u>

### Note 14. Current liabilities – Other liabilities

Unearned revenue - Membership subscriptions	123,529	130,859
Unearned revenue - Car parking lease	16,107	29,613
Unearned revenue - Stored Value Cards	13,146	-
Unearned revenue - Beverage Rebate	16,667	-
	<u>169,449</u>	<u>160,472</u>

### Note 15. Non-current liabilities – Borrowings

Business Markets Loans	2,574,935	3,119,524
Hire purchase liabilities	-	139,642
Gaming Machine Licence Commitment	154,702	69,014
	<u>2,729,637</u>	<u>3,328,180</u>

Security: Refer note 13.

### Note 16. Non-current liabilities – Provisions

Employee Entitlements – Long Service Leave	<u>46,359</u>	<u>48,629</u>
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## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 17. Related party transactions

#### (a) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company either directly or indirectly. The key management personnel of the company comprise the directors and executives who are responsible for the financial and operational management of the company.

	2018	2017
Compensation paid to key management personnel of the company was as follows:	\$	\$
Short-term employee benefits	299,482	300,670
Post-employment benefits	31,754	31,947
	<u>331,236</u>	<u>332,617</u>

#### (b) Transactions with related parties

Director Mr M. Randall was a director of Dutch Media during the 2018 financial year. Dutch Media have provided professional services to the Albury Sailors, Soldiers and Airmen's Club Ltd during the year. This engagement was based on normal commercial terms and conditions and the aggregate amount paid to Dutch Media for services was \$90,500 (2017: \$74,000).

### Note 18. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

#### (i) Financial Assets

Cash on hand	5	695,535	537,082
Trade and other receivables	6	128,251	75,637
<b>Total Financial Assets</b>		<u>823,786</u>	<u>612,719</u>

#### (ii) Financial Liabilities

Trade and other payables	11	1,682,750	1,536,790
Borrowings	12,15	4,489,920	4,431,278
<b>Total Financial Liabilities</b>		<u>6,172,670</u>	<u>5,968,068</u>

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

	2018	2017
	\$	\$
<b>Note 19. Commitments</b>		
<b>Operating Lease Commitments</b>		
Commitments in relation to operating leases that are payable as follows:		
- Not later than 1 year	-	82,709
- Between 1 year and 5 years	41,118	41,015
	<u>41,118</u>	<u>123,724</u>
<b>Hire Purchase Commitments</b>		
Commitments in relation to hire purchases payments as follows:		
- Not later than 1 year	344,659	503,098
- Between 1 year and 5 years	152,299	258,714
Less finance charges	(3,574)	(50,058)
	<u>493,384</u>	<u>711,754</u>
Represented by:		
Current (note 12)	338,682	503,098
Non-current (note 15)	154,702	208,656
	<u>493,384</u>	<u>711,754</u>
<b>Capital Commitments</b>		
Commitments in relation to capital expenditure on the renovation of the Club's bistro/café facilities are as follows:		
- Not later than 1 year	<u>2,737,654</u>	-
<b>Note 20. Financing Arrangements</b>		
Finance Facilities Available		
Bank overdraft	500,000	500,000
Business market loans	8,150,000	7,750,000
Master finance lease facility	2,500,000	2,500,000
Business visa facility	24,000	24,000
	<u>11,174,000</u>	<u>10,774,000</u>
Finance Facilities Used		
Bank overdraft	-	-
Business market loans	3,996,536	3,719,523
Master finance lease facility	156,027	412,044
Business visa facility	3,884	11,219
	<u>4,156,447</u>	<u>4,142,786</u>
Finance Facilities Unused		
Bank overdraft	500,000	500,000
Business market loans	4,153,464	4,030,477
Master finance lease facility	2,343,973	2,087,956
Business visa facility	20,116	12,781
	<u>7,017,553</u>	<u>6,631,214</u>

## Notes to and forming part of the financial statements

For the year ended 31 May 2018

### Note 21. Group Entities

#### *Ultimate parent Company*

The ultimate parent company is the Albury Sailors, Soldiers and Airmen's Club Ltd

	Country of incorporation	Ownership interest	
		2018	2017
Olive Street Management Group Pty Ltd*	Australia	100%	100%
Tourism Information Solutions Pty Ltd*	Australia	100%	100%

These companies have not been consolidated into the financial statement on the basis they did not trade and there are no transactions to consolidate.

### Note 22. Events Occurring after Reporting Date

There were no significant events occurring after the reporting date likely to impact the affairs of the Company in future.

### Note 23. Contingencies

#### *Contingent Asset*

The Company owns 375 gaming machine entitlements acquired at no cost. These gaming machine entitlements are a tradable commodity within the NSW licensed club industry. However, the value of these gaming machine entitlement have not been recognised as an intangible asset in the statement of financial position on the basis that their value cannot be reliably measured and an active market does not exist.

#### *Contingent liability*

The Company has provided a bank guarantee to the value of \$155,000 in favour of the LAB/ TAB in relation to its liquor and TAB operations.

### Note 24. Fair Value Measurements

The Company has the following assets that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2018	2017
	\$	\$
<b>Assets</b>		
Land (i)	8,300,000	8,300,000
Buildings (i)	15,550,395	15,549,841
	<u>23,850,395</u>	<u>23,849,841</u>

- (i) The fair value of freehold land and buildings is based on an external independent valuation performed in April 2015 adjusted for asset additions at cost and disposals in the intervening period. Given the additions are recent their cost is assumed to approximate fair value.

## **Independent auditor's report to the members of The Albury Sailors, Soldiers and Airmen's Club Ltd**

### **Opinion**

We have audited the financial statements, being general purpose financial statements – reduced disclosure requirements, of The Albury Sailors, Soldiers and Airmen's Club Ltd (the Company), which comprises the statement of financial position at 31 May 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of accounting policies and other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial statements of the Company are in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 May 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - reduced disclosure requirements and the *Corporations Regulations 2001*.

### **Basis of 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 Statements section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 statements 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.

### **Information Other than the Financial Report and Auditor's Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 May 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

## **Independent auditor's report to the members (continued)**

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of the financial statements that give 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 statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 have no realistic alternative but to do so.

### *Auditor's Responsibility*

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these financial statements.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Johnsons MME  
Chartered Accountants

Stephen Clarke  
Director

Albury  
29 August 2018