

# **Warragamba Workers & Sporting Club Ltd**

**ABN 40 000 880 393**

## **Financial Report**

**For the Year Ended 31 December 2018**

# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

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# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

## Directors' Report

31 December 2018

Your directors present their report on Warragamba Workers & Sporting Club Ltd for the financial year ended 31 December 2018.

### 1 General information

#### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Terry Frazer  
Maurie Hall  
Clayton Jenkins  
Steve Key  
Dave Costello  
Narelle Jones  
Kim Streater

#### *Qualifications, experience and special responsibilities*

The directors are residents of the local community and members of the club.

Clayton Jenkins has served as President during the year and to the date of this report.

Unless otherwise stated, directors have been in office since the start of the financial year to the date of this report.

#### Review of operations

The (loss)/profit of the company after providing for income tax amounted to \$ (77,573) (2017: profit of \$142,124).

#### Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

#### Principal activities

The principal activities of Warragamba Workers & Sporting Club Ltd during the financial year were to operate a sporting and recreation and licensed club.

No significant changes in the nature of the company's activities occurred during the financial year.

## **Directors' Report**

**31 December 2018**

### **1 General information**

#### **Objectives**

The company's short and long term objectives are to:

- provide members and guests with a relaxed, friendly place to meet with family and friends; and
- support local sporting and social organisations.

#### **Strategy for achieving the objectives**

To achieve these objectives, the company has adopted the following strategies:

- The company strives to attract and retain quality staff who are committed to providing quality service to members and guests;
- The company actively provides recordkeeping assistance to local clubs and organisations; and
- The company is committed to having relevant staff undertake training in the Responsible Conduct of Gaming and Responsible Service of Alcohol.

#### **Performance measures**

The company measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's objectives are being achieved.

#### **Members guarantee**

Warragamba Workers & Sporting Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up is limited to \$ 2.

At 31 December 2018 the number of members was 1,975 (2017: 1,898).

### **2 Other items**

#### **After balance date events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

#### **Future developments**

The company expects to maintain the present status and level of operations.

#### **Environmental matters**

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

## **Directors' Report**

**31 December 2018**

### **2 Other items**

#### **Benefits received directly or indirectly by officers**

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which the director has a substantial financial interest.

This statement excluded a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company accounts, or the fixed salary of a full-time employee of the company or related body corporate.

#### **Meetings of directors**

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendance by each director during the year were as follows:

	<b>Directors' Meetings</b>	
	<b>Number eligible to attend</b>	<b>Number attended</b>
Terry Frazer	14	14
Maurie Hall	14	14
Clayton Jenkins	14	14
Steve Key	14	13
Dave Costello	14	13
Narelle Jones	14	9
Kim Streater	14	13

#### **Indemnification and insurance of officers and auditors**

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company against a liability incurred as a director to the extent permitted by the *Corporations Act 2001*. The insurance premium was included as part of the company's overall insurance package and the specific premium paid cannot be determined.

#### **Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

**Directors' Report**

**31 December 2018**

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2018 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....  
Clayton Jenkins

Director:  .....  
Maurie Hall

Dated this 26<sup>TH</sup> day of FEBRUARY 2019

**Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Warragamba Workers & Sporting Club Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Kelly Partners Assurance Services*

Kelly Partners Assurance Services

*Peter Dawkins*

Peter Dawkins  
Registered Auditor Number 4334  
North Sydney

Dated this *26<sup>th</sup>* day of *February* 2019

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue	3	1,596,890	1,521,357
Other income	3	7,160	190,000
Changes in inventories of finished goods and inventories purchased		(364,999)	(330,152)
Employee benefits expense		(539,738)	(499,784)
Depreciation expense		(124,807)	(118,372)
Other expenses		(658,062)	(617,721)
Finance costs		(5,674)	(4,659)
<b>Profit/(loss) before income tax</b>		<b>(89,230)</b>	140,669
Income tax expense		11,657	1,455
<b>Profit/(loss) for the year attributable to members of the entity</b>		<b>(77,573)</b>	142,124
<b>Other comprehensive income, net of income tax</b>			
Revaluation gain on land and buildings, net of tax		-	741,445
Other comprehensive income for the year, net of tax		-	741,445
<b>Total comprehensive income for the year</b>		<b>(77,573)</b>	883,569

The accompanying notes form part of these financial statements.



# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

## Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	150,041	189,485
Trade and other receivables	7	4,995	3,007
Inventories	8	28,983	26,752
Other assets	11	14,160	14,023
TOTAL CURRENT ASSETS		<u>198,179</u>	<u>233,267</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,338,520	4,398,061
Investment property	10	440,000	440,000
Deferred tax assets	12	82,906	73,858
TOTAL NON-CURRENT ASSETS		<u>4,861,426</u>	<u>4,911,919</u>
TOTAL ASSETS		<u>5,059,605</u>	<u>5,145,186</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	240,462	222,451
Borrowings	14	65,140	87,020
Other liabilities	15	17,266	18,387
TOTAL CURRENT LIABILITIES		<u>322,868</u>	<u>327,858</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	110,858	113,467
Long-term provisions	16	9,025	7,421
Other liabilities	15	14,150	16,163
TOTAL NON-CURRENT LIABILITIES		<u>134,033</u>	<u>137,051</u>
TOTAL LIABILITIES		<u>456,901</u>	<u>464,909</u>
NET ASSETS		<u>4,602,704</u>	<u>4,680,277</u>
<b>EQUITY</b>			
Reserves		2,043,728	2,043,728
Retained earnings		2,558,976	2,636,549
TOTAL EQUITY		<u>4,602,704</u>	<u>4,680,277</u>

The accompanying notes form part of these financial statements.

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

### Statement of Changes in Equity

For the Year Ended 31 December 2018

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 January 2018</b>	<b>2,636,549</b>	<b>2,043,728</b>	<b>4,680,277</b>
Profit for the year attributable to members of the entity	(77,573)	-	(77,573)
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>(77,573)</b>	<b>-</b>	<b>(77,573)</b>
<b>Balance at 31 December 2018</b>	<b>2,558,976</b>	<b>2,043,728</b>	<b>4,602,704</b>

2017

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>2,494,425</b>	<b>1,302,283</b>	<b>3,796,708</b>
Profit for the year attributable to members of the entity	142,124	-	142,124
Fair value gain on revaluation of land and buildings	-	769,653	769,653
Deferred tax liability on revaluation of land and buildings	-	(28,208)	(28,208)
Other comprehensive income for the year	-	741,445	741,445
<b>Total comprehensive income for the year</b>	<b>142,124</b>	<b>741,445</b>	<b>883,569</b>
<b>Balance at 31 December 2017</b>	<b>2,636,549</b>	<b>2,043,728</b>	<b>4,680,277</b>

The accompanying notes form part of these financial statements.

# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

## Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	1,752,884	1,713,753
Payments to suppliers and employees	(1,706,810)	(1,657,293)
Interest received	142	131
Interest paid	(5,674)	(4,659)
Net cash provided by (used in) operating activities	<u>40,542</u>	<u>51,932</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(65,266)	(85,145)
Proceeds from sale of non-current assets	7,160	-
Net cash provided by (used in) investing activities	<u>(58,106)</u>	<u>(85,145)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of borrowings	(21,880)	(22,337)
Net cash provided by (used in) financing activities	<u>(21,880)</u>	<u>(22,337)</u>
Net increase (decrease) in cash and cash equivalents held	(39,444)	(55,550)
Cash and cash equivalents at beginning of year	189,485	245,035
Cash and cash equivalents at end of financial year	6 <u>150,041</u>	<u>189,485</u>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

The financial report covers Warragamba Workers & Sporting Club Ltd as an individual entity. Warragamba Workers & Sporting Club Ltd is a not-for profit company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Warragamba Workers & Sporting Club Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.

### **1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### **2 Summary of Significant Accounting Policies**

#### **(a) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

#### **(b) 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.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

#### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the company, commencing when the asset is ready for use.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(b) Property, plant and equipment**

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Buildings	2.5%
Plant and Equipment	7.5% - 50%
Furniture, Fixtures and Fittings	11.25% - 20%
Poker Machines	25% - 37.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### **(c) Investment property**

Investment property is held to generate long-term rental yields and capital growth. Investment property is carried at fair value, determined annually by independent valuers or the directors. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as other income/expenses.

#### **(d) Financial instruments**

Financial instruments are recognised initially on the date that the company 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**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and term deposits in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(d) Financial instruments**

##### **Financial assets**

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Impairment of financial assets*

##### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

##### **Financial liabilities**

The company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the company comprise trade payables and bank and other loans.

#### **(e) Impairment of non-financial assets**

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(e) Impairment of non-financial assets**

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### **(f) 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.

#### **(g) Employee benefits**

Provision is made for the company'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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at 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. Changes in the measurement of the liability are recognised in profit or loss.

#### **(h) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **(i) Income tax**

Only non-member income of the association is assessable for tax, as member income is excluded under the principle of mutuality.

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.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(i) Income tax**

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### **(j) Leases**

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.

#### **(k) Revenue and other income**

##### *Sale of goods*

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

##### *Rendering of services*

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

##### *Rental income*

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

#### **(l) 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).



## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **2 Summary of Significant Accounting Policies**

#### **(l) Goods and services tax (GST)**

Receivables and payable 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.

#### **(m) 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 company.

##### **Key estimates - fair value of land and buildings and investment property**

The company carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained every 3-5 years, and at the end of each reporting period the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

#### **(n) Going concern**

Notwithstanding the net current liabilities disclosed on the Statement of Financial Position at 31 December 2018, the directors are of the opinion that there is no material uncertainty over the company's ability to continue as a going concern as a result of the expected timing of receipts and payments in the next twelve months, the availability of external financing and the existence of investment property that can be sold independently of the other land and buildings.

#### **(o) Adoption of new and revised accounting standards**

In the year ended 31 December 2018, the company adopted *AASB 9 Financial Instruments*. The adoption of this standard did not impact the reported financial position, performance or cash flow of the company.

During the current year, no other standards became mandatory which impacted the financial report.

#### **(p) New accounting standards for application in future periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the company.

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 3 Revenue and Other Income

	2018	2017
	\$	\$
Sales revenue		
- sale of goods	753,916	675,045
- provision of services	739,470	752,381
- promotion revenue	78,356	71,110
	<u>1,571,742</u>	<u>1,498,536</u>
Other revenue		
- other interest received	279	131
- rental revenue	13,255	13,346
- member subscriptions	6,759	7,390
- other revenue	4,855	1,954
	<u>25,148</u>	<u>22,821</u>
<b>Total Revenue</b>	<u><u>1,596,890</u></u>	<u><u>1,521,357</u></u>

	2018	2017
	\$	\$
Other Income		
- gain on sale of non-current assets	7,160	-
- fair value adjustment to investment property	-	190,000
Total Other Income	<u><u>7,160</u></u>	<u><u>190,000</u></u>

### 4 Result for the Year

Profit before income tax includes the following specific expenses:

	2018	2017
	\$	\$
<b>Depreciation</b>		
Depreciation - buildings	76,250	69,903
Depreciation - furniture and fixtures	2,534	1,607
Depreciation - motor vehicles	-	7,242
Depreciation - plant and equipment	17,087	12,480
Depreciation - poker machines	28,936	27,140
Total depreciation	<u>124,807</u>	<u>118,372</u>
Interest expense	5,674	4,659
Cost of sales	364,999	330,152
Employee benefits expense	539,738	499,784

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 4 Result for the Year

Profit before income tax includes the following specific expenses:

	2018	2017
	\$	\$
<b>Other expenses</b>		
Auditor's remuneration	32,800	32,750
Cleaning expenses	39,636	34,037
Electricity and gas	72,818	64,480
Insurance	55,743	45,182
Promotion expenses	127,989	127,437
Repairs and maintenance	91,827	98,283
Function expenses	20,428	10,691
Printing and stationery	10,117	7,585
Rates and taxes	16,091	15,618
TAB expenses	18,040	19,402
Entertainment expenses	42,472	39,794
Other expenses	130,101	122,462
Total other expenses	<u>658,062</u>	<u>617,721</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 5 Income Tax Expense

The major components of tax expense (income) comprise:

	2018	2017
	\$	\$
<b>Current tax expense</b>		
Current tax expense	(7,923)	(4,439)
<b>Deferred tax expense</b>		
Deferred tax expense	(2,559)	55,834
Under/(over) provision in respect of prior years	(1,175)	(52,850)
	<u>(11,657)</u>	<u>(1,455)</u>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2018	2017
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)	<u>(24,538)</u>	38,684
Add:		
Tax effect of:		
- (Profit)/loss relating to members	16,894	6,980
- other temporary differences	-	6,568
	<u>(7,644)</u>	52,232
Less:		
Tax effect of:		
- other temporary differences	2,838	-
- over provision for income tax in prior year	1,175	52,850
- fair value gain on investment property	-	353
- change in tax rate	-	484
Income tax expense	<u>(11,657)</u>	<u>(1,455)</u>

### 6 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	43,134	42,199
Cash at bank	106,907	147,286
	<u>150,041</u>	<u>189,485</u>

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **6 Cash and Cash Equivalents**

#### **Reconciliation of cash**

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:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>150,041</b>	<b>189,485</b>

### **7 Trade and Other Receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
CURRENT Trade receivables	<b>4,995</b>	<b>3,007</b>

### **8 Inventories**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
CURRENT At cost: Finished goods	<b>28,983</b>	<b>26,752</b>

**Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

**9 Property, Plant and Equipment**

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At directors' valuation	1,150,000	-
At independent valuation	-	1,150,000
Total freehold land	<u>1,150,000</u>	<u>1,150,000</u>
Building		
At directors' valuation	3,050,000	-
At independent valuation	-	3,050,000
Accumulated depreciation	(76,251)	-
Total buildings	<u>2,973,749</u>	<u>3,050,000</u>
Total land and buildings	<u>4,123,749</u>	<u>4,200,000</u>
PLANT AND EQUIPMENT		
Poker machines		
At cost	437,393	395,835
Accumulated depreciation	(312,441)	(297,737)
Total poker machines	<u>124,952</u>	<u>98,098</u>
Furniture, fixture and fittings		
At cost	52,450	44,760
Accumulated depreciation	(33,220)	(30,686)
Total furniture, fixture and fittings	<u>19,230</u>	<u>14,074</u>
Motor vehicles		
At cost	36,212	36,212
Accumulated depreciation	(17,183)	(9,941)
Total motor vehicles	<u>19,029</u>	<u>26,271</u>
Plant and equipment		
At cost	160,210	158,419
Accumulated depreciation	(108,650)	(98,801)
Total plant and equipment	<u>51,560</u>	<u>59,618</u>
<b>Total property, plant and equipment</b>	<u><b>4,338,520</b></u>	<u><b>4,398,061</b></u>

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 9 Property, Plant and Equipment

The land and buildings were revalued at 31 December 2017 based on a valuation performed by independent valuers. The 2018 valuations were performed by the directors. Valuations were made on the basis of current replacement cost. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

#### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Poker machines	Furniture, Fixtures and Fittings	Motor vehicles	Plant and equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	1,150,000	3,050,000	98,098	14,074	26,271	59,618	4,398,061
Additions	-	-	55,789	7,690	-	1,787	65,266
Depreciation expense	-	(76,251)	(28,935)	(2,534)	(7,242)	(9,845)	(124,807)
Balance at 31 December 2018	<u>1,150,000</u>	<u>2,973,749</u>	<u>124,952</u>	<u>19,230</u>	<u>19,029</u>	<u>51,560</u>	<u>4,338,520</u>

### 10 Investment Property

	2018	2017
	\$	\$
Balance at beginning of year	440,000	250,000
Fair value adjustments	-	190,000
<b>Balance at end of year</b>	<u><b>440,000</b></u>	<u><b>440,000</b></u>

The investment property was revalued at 31 December 2017 by independent valuers. The 2018 valuations were performed by the directors. Valuations were made using the market approach.

# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 11 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	5,996	5,996
Term deposits	8,164	8,027
	<u>14,160</u>	<u>14,023</u>

### 12 Deferred Tax

	Opening Balance	Charged/ (credited) to Income	Closing Balance
	\$	\$	\$
<b>Deferred tax assets</b>			
Accruals	3,097	3,594	6,691
Carryforward tax losses	11,239	55,928	67,167
<b>Balance at 31 December 2017</b>	<u>14,336</u>	<u>59,522</u>	<u>73,858</u>
Accruals	6,691	(50)	6,641
Carryforward tax losses	67,167	9,098	76,265
<b>Balance at 31 December 2018</b>	<u>73,858</u>	<u>9,048</u>	<u>82,906</u>

	Opening Balance	Charged/ (credited) to Income	Charged Directly to Equity	Closing Balance
	\$	\$	\$	\$
<b>Deferred tax liability</b>				
Fair value gain	27,192	58,067	28,208	113,467
<b>Balance at 31 December 2017</b>	<u>27,192</u>	<u>58,067</u>	<u>28,208</u>	<u>113,467</u>
Fair value gain	113,467	(2,609)	-	110,858
<b>Balance at 31 December 2018</b>	<u>113,467</u>	<u>(2,609)</u>	<u>-</u>	<u>110,858</u>

### 13 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Trade payables	48,809	44,042
GST payable	20,702	24,123
Accrued expenses	54,345	55,795
Employee entitlements	116,606	98,491
	<u>240,462</u>	<u>222,451</u>



## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

### Notes to the Financial Statements

For the Year Ended 31 December 2018

#### 14 Borrowings

	2018	2017
	\$	\$
CURRENT		
Secured liabilities:		
Bank loans	65,140	87,020
<b>Total current borrowings</b>	<b>65,140</b>	<b>87,020</b>

The bank overdraft and bank loan are secured by a first registered mortgage over the investment property.

#### 15 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Deferred income	17,266	18,387
NON-CURRENT		
Deferred income	14,150	16,163

#### 16 Provisions

	2018	2017
	\$	\$
NON-CURRENT		
Employee entitlements	9,025	7,421

##### Provision for employee entitlements

The provision for employee entitlements represents a provision for long service leave calculated on the service period for employees with less than 10 years service. As this leave is only payable in specific circumstances, the timing of the payments, if any, is uncertain.

#### 17 Reserves

##### Asset revaluation reserve

The asset revaluation reserve records gains on the revaluation of property, plant and equipment recorded at fair value.

## Notes to the Financial Statements

For the Year Ended 31 December 2018

### 18 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	150,041	189,485
Financial assets at amortised cost	13,159	11,034
<b>Total financial assets</b>	<u>163,200</u>	<u>200,519</u>
<b>Financial Liabilities</b>		
Financial liabilities at amortised cost		
Trade and other payables	103,154	99,837
Borrowings	65,140	87,020
<b>Total financial liabilities</b>	<u>168,294</u>	<u>186,857</u>

#### Net fair values

#### Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### 19 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the company. At 31 December 2018 the number of members was 1,975 (2017: 1,898).

### 20 Key Management Personnel Compensation

The totals of remuneration paid to the key management personnel of Warragamba Workers & Sporting Club Ltd during the year are as follows:

	2018	2017
	\$	\$
Compensation to directors and other key management personnel of the company	<u>101,340</u>	<u>102,554</u>

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **21 Auditor's Remuneration**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	<b>31,000</b>	31,000
- taxation services	<b>1,800</b>	1,750

### **22 Related Party Transactions**

#### **Key management personnel**

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.

For details of remuneration relating to key management personnel, refer to Note 20: Key Management Personnel Compensation. Unpaid annual and long service leave accrued for key management personnel at 31 December 2018 was \$72,065 (2017: \$62,712).

Hi Quality Electrical received remuneration of \$5,288 (2017: \$4,408) from the company for repairs and maintenance services performed during the year. A director of the company, Mr Clayton Jenkins, is the owner of Hi Quality Electrical. The remuneration paid to Hi Quality Electrical was equal to or less than the amount that would have been paid to an unrelated party for the services.

### **23 Events after the end of the Reporting Period**

The financial report was authorised for issue on 26 February 2019 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

### **24 Company Details**

The registered office of and principal place of business of the company is:

Warragamba Workers & Sporting Club Ltd  
9-11 Eighteenth Street  
Warragamba NSW 2752

**Warragamba Workers & Sporting Club Ltd**


ABN 40 000 880 393

**Directors' Declaration**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 25, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, 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 Board of Directors.

Director .....  
  
Clayton Jenkins

Director .....  
  
Maurie Hall

Dated this 26<sup>TH</sup> day of FEBRUARY 2019

**Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

**Independent Auditor's Report to the members of Warragamba Workers & Sporting Club Ltd**

**Opinion**

We have audited the financial report of Warragamba Workers & Sporting Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Warragamba Workers & Sporting Club Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**Other Information**

The directors are responsible for the other information. The other information comprises the directors' report, the detailed income statement and the trading account schedules for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, 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.

## **Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

# **Independent Auditor's Report to the members of Warragamba Workers & Sporting Club Ltd**

### **Responsibilities of Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 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 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 the 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 Company'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 Company'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 Company to cease to continue as a going concern.

**Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

**Independent Auditor's Report to the members of Warragamba Workers & Sporting Club Ltd**

- 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 the directors 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 our audit.

*Kelly Partners Assurance Services*

Kelly Partners Assurance Services

*Paw*

Peter Dawkins  
Registered Auditor Number 4334  
North Sydney

Dated this *26<sup>th</sup>* day of *February*

2019

# KELLY+PARTNERS

ASSURANCE SERVICES

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

### Disclaimer

The additional financial data presented on pages 31 to 36 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither Kelly Partners Assurance Services nor any member or employee of Kelly Partners Assurance Services undertakes responsibility in any way whatsoever to any person (other than Warragamba Workers & Sporting Club Ltd) in respect of such data, including any errors or omissions therein however caused.

*Kelly Partners Assurance Services*

Kelly Partners Assurance Services

*Peter Dawkins*

Peter Dawkins

Registered Auditor Number 4334

North Sydney

Dated this *26<sup>th</sup>* day of *February* 2019

Kelly Partners Assurance Services ABN 68 390 743 240

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# Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

## Detailed income statement

	2018	2017
	\$	\$
<b>Income</b>		
Bar sales	753,916	675,045
Catering rent	4,727	2,363
Commissions	97,611	101,612
Poker machine income	641,859	650,770
Interest income	279	131
Rental income	13,255	13,346
Member subscriptions	6,759	7,390
Promotion revenue	78,356	71,110
Other revenue	129	(410)
Other income	7,160	-
<b>Total income</b>	<b>1,604,051</b>	<b>1,521,357</b>
<b>Less: Expenses</b>		
Advertising	6,878	7,097
Auditors remuneration	32,800	32,750
Bank charges	3,754	3,854
Bar cost of sales	364,999	330,152
Bar expenses	-	314
Bar replacements	480	913
Cleaning	39,636	34,037
Computer expenses	7,101	6,168
Depreciation	124,807	118,372
Direct property expenditure from rental property	3,672	3,711
Directors' expenses	2,630	2,464
Donations	11,121	10,109
Electricity and gas	72,818	64,480
Entertainment	42,472	39,794
Interest expense	5,674	4,659
Functions expense	20,428	10,691
Gardening expenses	13,992	3,222
Insurance	55,743	45,182
Keno maintenance expense	1,537	2,048
Keno promotions	550	515
Keno stationery	665	811
Legal fees	-	350
Liquor license fee	3,032	3,020
Member amenities	29,594	27,413
Motor vehicle expenses	-	37
Postage	962	3,492
Printing and stationery	10,117	7,585
Promotion	127,989	127,437
Rates and taxes	16,091	15,618
Repairs and maintenance	91,827	98,283
Royalties and license fees	3,309	4,601

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

### Detailed income statement

	2018	2017
	\$	\$
Security costs	15,432	14,811
Staff amenities	235	579
Staff training	3,431	5,464
Stocktake costs	1,200	2,400
Subscriptions	5,258	4,401
Sundry expenses	-	581
Superannuation contributions	41,302	47,469
TAB expenses	18,040	19,402
Telephone and fax	7,611	6,682
Tills under/(over)	(119)	328
Uniforms	1,461	393
Wages - administration	140,123	97,278
Wages - bar	213,138	219,048
Wages - Keno	32,304	32,410
Wages - poker machines	63,551	54,292
Wages - TAB	44,970	43,823
Waste disposal	10,666	12,148
<b>Total Expenses</b>	<b>(1,693,281)</b>	<b>(1,570,688)</b>
<b>Other items:</b>		
Fair value adjustments on investment property	-	190,000
<b>Profit before income tax</b>	<b>(89,230)</b>	<b>140,669</b>

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

### Bar trading account

	2018	2017
	\$	\$
<b>Revenue</b>		
Sales	753,916	675,045
	<u>753,916</u>	<u>675,045</u>
<b>Cost of sales</b>		
Opening stock	(26,749)	(26,853)
Purchases	(367,230)	(330,048)
Closing stock	28,980	26,749
	<u>(364,999)</u>	<u>(330,152)</u>
<b>Cost of goods sold</b>		
	<u>388,917</u>	<u>344,893</u>
<b>Gross profit</b>		
<b>Less: Direct expenses</b>		
Bar expenses	-	314
Repairs and maintenance	480	913
Stocktaking costs	1,200	2,400
Tills: under/(over)	(119)	328
Wages	213,138	219,048
	<u>214,699</u>	<u>223,003</u>
<b>Net profit / (loss)</b>	<u>174,218</u>	<u>121,890</u>

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

### Keno trading account

	2018	2017
	\$	\$
<b>Revenue</b>		
Commissions	59,973	59,720
	<u>59,973</u>	<u>59,720</u>
<b>Less: Direct expenses</b>		
Promotions	550	515
Repairs and maintenance	1,537	2,048
Stationery	665	811
Wages	32,304	32,410
	<u>35,056</u>	<u>35,784</u>
<b>Net profit / (loss)</b>	<u>24,917</u>	<u>23,936</u>

**Warragamba Workers & Sporting Club Ltd**

ABN 40 000 880 393

**For the Year Ended 31 December 2018**

**TAB trading account**

	2018	2017
	\$	\$
<b>Revenue</b>		
Commissions	10,786	12,345
	<u>10,786</u>	<u>12,345</u>
<b>Less: Direct expenses</b>		
TAB expenses	18,040	19,402
Wages	44,970	43,823
	<u>63,010</u>	<u>63,225</u>
<b>Net profit / (loss)</b>	<u>(52,224)</u>	<u>(50,880)</u>

## Warragamba Workers & Sporting Club Ltd

ABN 40 000 880 393

For the Year Ended 31 December 2018

### Poker machines trading account

	2018	2017
	\$	\$
<b>Revenue</b>		
Net takings - poker machines	624,679	633,589
Gaming rebate	17,180	17,180
	<u>641,859</u>	<u>650,769</u>
<b>Less: Direct expenses</b>		
Depreciation	28,936	27,140
Repairs and maintenance	37,370	36,191
Wages	63,551	54,292
	<u>129,857</u>	<u>117,623</u>
<b>Net profit / (loss)</b>	<u>512,002</u>	<u>533,146</u>