

City Tattersalls Club

ABN 44 004 054 353

Annual Financial Report

31 December 2018

City Tattersalls Club

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City Tattersalls Club

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

<i>In AUD</i>	Note	2018	2017
Revenue from rendering of services		18,890,868	17,699,603
Revenue from sale of goods		3,933,206	3,660,198
Other revenue		883,799	1,045,404
Total revenue	5	23,707,873	22,405,205
Other income	6	105,267	701,810
Cost of goods sold		(1,776,639)	(1,590,105)
Personnel expenses	7	(7,130,170)	(7,091,552)
Entertainment, marketing and promotional costs		(1,428,613)	(1,366,280)
Member expenses		(422,008)	(585,458)
Office expenses		(657,410)	(600,449)
Poker machine licences and taxes		(5,062,812)	(4,515,207)
Property expenses		(3,443,208)	(3,040,923)
Other expenses	8	(607,482)	(606,575)
Earnings before financing costs, depreciation and income tax		3,284,798	3,710,467
Finance income		4,178	-
Finance costs		(208,916)	(964,719)
Net finance costs	9	(204,738)	(964,719)
Depreciation expense	14	(2,307,869)	(1,999,953)
Profit before income tax		772,191	745,795
Income tax expense	10	-	-
Profit for the year		772,191	745,795
Other comprehensive income for the year			
Revaluation of property, plant and equipment		-	57,607,983
Total comprehensive income for the year		772,191	58,353,778

The notes on pages 7 to 28 are an integral part of these financial statements.

City Tattersalls Club
Statement of financial position
As at 31 December 2018

<i>In AUD</i>	Note	2018	2017
Assets			
Cash and cash equivalents	11	1,390,762	912,188
Trade and other receivables	12	182,490	263,155
Inventories	13	240,553	176,616
Prepayments		271,541	68,372
Total current assets		2,085,346	1,420,331
Property, plant and equipment	14	153,155,379	150,492,590
Total non-current assets		153,155,379	150,492,590
Total assets		155,240,725	151,912,921
Liabilities			
Trade and other payables	16	4,534,756	3,475,974
Loans and borrowings	17	540,974	515,513
Employee benefits	18	600,095	689,928
Provisions	19	177,139	303,701
Total current liabilities		5,852,964	4,985,116
Loans and borrowings	17	20,001,766	18,278,466
Trade and other payables	16	711,251	818,467
Employee benefits	18	254,338	182,657
Provisions	19	50,000	50,000
Total non-current liabilities		21,017,355	19,329,590
Total liabilities		26,870,319	24,314,706
Net assets		128,370,406	127,598,215
Members' funds			
Reserves		80,960,363	80,960,363
General funds		47,410,043	46,637,852
Total members' funds		128,370,406	127,598,215

The notes on pages 7 to 28 are an integral part of these financial statements.

City Tattersalls Club
Statement of changes in members' funds
For the year ended 31 December 2018

<i>In AUD</i>	Asset Revaluation reserve	Capital profit reserve	General funds	Total
Balance at 1 January 2017	23,067,452	284,928	45,892,058	69,244,438
Total comprehensive income for the year				
Profit for the year	-	-	745,794	745,794
<i>Other comprehensive income</i>	57,607,983	-	-	57,607,983
Total comprehensive income for the year	57,607,983	-	745,794	58,353,777
Balance at 31 December 2017	80,675,435	284,928	46,637,852	127,598,215
Balance at 1 January 2018	80,675,435	284,928	46,637,852	127,598,215
Total comprehensive income for the year				
Profit for the year	-	-	772,191	772,191
<i>Other comprehensive income</i>	-	-	-	-
Total comprehensive income for the year	-	-	772,191	772,191
Balance at 31 December 2018	80,675,435	284,928	47,410,043	128,370,406

The notes on pages 7 to 28 are an integral part of these financial statements.

City Tattersalls Club
Statement of cash flows
For the year ended 31 December 2018

<i>In AUD</i>	Note	2018	2017
Cash flows from operating activities			
Cash receipts from customers		26,167,392	24,487,620
Cash paid to suppliers and employees		(22,367,450)	(22,477,400)
Cash generated from operations		<u>3,799,942</u>	<u>2,010,220</u>
Interest received		4,178	-
Interest paid		(208,916)	(964,719)
Net cash from operating activities	11	<u>3,595,204</u>	<u>1,045,501</u>
Cash flows from investing activities			
Proceeds from sale of intangible assets		-	700,000
Proceeds from sale of property, plant and equipment		121,782	5,407
Acquisition of property, plant and equipment		(4,987,173)	(2,067,722)
Net cash used in investing activities		<u>(4,865,391)</u>	<u>(1,362,315)</u>
Cash flows from financing activities			
Repayment of borrowings		(18,670,000)	(655,000)
Proceeds from borrowings		20,000,000	2,100,000
Proceeds from/(repayment of) finance lease liabilities		418,761	(72,062)
Net cash from/used in financing activities		<u>1,748,761</u>	<u>1,372,938</u>
Net increase in cash and cash equivalents		478,574	1,056,124
Cash and cash equivalents at beginning of year		912,188	(143,936)
Cash and cash equivalents at end of year	11	<u>1,390,762</u>	<u>912,188</u>

The notes on pages 7 to 28 are an integral part of these financial statements.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

1 Non-reporting entity

City Tattersalls Club ("the Club") is a club domiciled in Australia. The address of the Club's registered office is 194-204 Pitt Street, Sydney, NSW 2000. The financial statements of the Club are as at and for the year ended 31 December 2018.

The Club is primarily involved in the hospitality and entertainment industry.

2 Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Amendment Act 1936, the City Tattersalls Club Rules as Amended. The financial statements do not comply with International Financial Reporting Standards (IFRSs) as the Club has adopted the exemptions allowed for non-for-profit organisations under AASB 101 Presentation of Financial Statements.

This is the first set of the Club's annual financial statements in which AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments have been applied.

The Club's Committee Members are also referred to in the financial statements as Directors.

The financial statements were approved by the Board of Directors on 3 May 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings which are measured at fair value less accumulated depreciation on buildings and any impairment losses.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Club's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year, are included in the notes to the financial statements.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

2 Basis of preparation (continued)

(e) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at balance date, the Club's current liabilities exceeded its current assets by \$3,767,618 (2017: \$3,564,785).

Notwithstanding this, the Directors believe that the going concern basis of preparation of the financial report is appropriate given:

- The Club generated \$772,191 profit for the year (2017: \$745,794) and earnings before financing, depreciation and income tax of \$3,284,798 (2017: \$3,710,467) during the year ended 31 December 2018; and generated cash flows from operating activities of \$3,595,204 (2017: \$1,045,501).
- The Club has prepared a 12 month profit and cashflow forecast to 31 December 2019 and a further 5 month profit and cashflow forecast to 31 May 2020, which indicate that the Club will generate profit and positive cashflows from operations for the year ending 31 December 2019 and the 5 months period ending 31 May 2020.
- The Club negotiated a revised Development Management Agreement ("DMA") with ICD SB Pitt Street Pty Limited ("ICD") during the year. The negotiations resulted in a number of amendments to the original agreement. One of the significant amendments was the provision of an Interest Free Loan ("loan") amounting to \$20m by ICD in February 2018. The loan proceeds were predominately used to extinguish the Club's borrowings from the ANZ Bank.

If ICD is unsuccessful in obtaining a stage 1 DA before a sunset date of 19 January 2022, the DMA may be terminated and the Club will be required to repay the \$20m loan. However, ICD will be required to pay the Club a disturbance fee of \$8m, which may be offset against the \$20m repayment, therefore requiring the Club to outlay a net cash amount of \$12m.

The Directors have a high level of confidence that the Club and ICD have appropriate structures and expertise (internal and external consultants) available in order to obtain the Stage 1 DA before 19 January 2022.

After considering the above, the Directors consider that the Club will be able to continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Club's financial statements should be prepared on a going concern basis.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Change in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Club are:

AASB 15 Revenue from contracts with customers, becomes mandatory for the 2019 financial statements and could change the classification and recognition method of revenue. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

AASB 9 Financial instruments replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

The Company had reviewed the requirements of these standards and they are not expected to have a significant impact on the Company's financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following categories of non-derivative financial assets: cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(e)).

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Club becomes a party to the contractual provisions of the instrument. The Club derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial liabilities: bank overdrafts, trade and other payables and loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date.

Land and buildings are treated as a class of assets. Any surplus arising on the revaluation of land and buildings at each reporting date is recognised directly in the revaluation reserve within funds, except to the extent that the surplus reverses a previous revaluation deficit on the land and buildings charged previously to profit and loss is recognised in the statement of comprehensive income. Any deficit on revaluation is recognised in profit or loss except to the extent of any balance in the revaluation reserve of the land and buildings, in which case it is recognised directly in the revaluation reserve.

Property, plant and equipment

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour (including an allocation of time by those staff directly included in the construction project), any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Club will obtain ownership by the end of the lease term. Land is not depreciated.

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

- | | |
|---------------------------|-------------|
| • Buildings and amenities | 40 years |
| • Plant and equipment | 3-13 years |
| • Leasehold improvements | 10-20 years |
| • Leased assets | 3-5 years |

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

(c) Leased assets

Leases in terms of which the Club assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Club's statement of financial position.

(d) Inventories

Inventories are measured 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 other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(e) Impairment

(i) Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Club on terms that the Club would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Club considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Club uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Club's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(f) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Club's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(g) Provisions

A provision is recognised if, as a result of a past event, the Club has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(h) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. It is measured at the fair value of the consideration received or receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the customer. Revenue from services rendered comprises revenue from the Club facilities together with other services to members and patrons of the Club. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is risk of return of goods or there is continuing management involvement with the goods.

(ii) Gaming revenue

Gaming revenue comprises the Club facilities provided to members and patrons of the Club. It is measured at the fair value of the consideration received and is recognised in profit or loss as the services are provided.

(iii) Membership

Membership subscriptions represents annual membership fees paid by the Club's members. The Club recognises membership subscriptions over the term of the membership and any unearned portion is included in revenue received in advance.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(k) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in members funds or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

The income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax in income derived from non-members and from outside entities.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

3 Significant accounting policies (continued)

(l) Goods and services tax

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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(m) New standards and interpretations not yet adopted

AASB 16 Leases

AASB 16 removes the classification of leases as either operating lease or finance leases - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Club is assessing the potential impact on its financial statements resulting from the application of AASB 16.

4 Determination of fair values

A number of the Club's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Land and buildings

An external, independent valuation company, having appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the Club's land and buildings. The fair values are based on market values of land and the depreciated replacement cost of buildings. Market value is the estimated amount for which the land could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

5 Revenue

<i>In AUD</i>	2018	2017
Revenue from rendering of services	19,035,440	17,822,327
Loyalty points issued	(144,572)	(122,724)
	<u>18,890,868</u>	<u>17,699,603</u>
Revenue from sale of goods	4,666,899	4,258,293
Redemption of complimentary and discounted food and beverages	(733,693)	(598,095)
	<u>3,933,206</u>	<u>3,660,198</u>
Other revenue	883,799	1,045,404
	<u>23,707,873</u>	<u>22,405,205</u>

6 Other income

<i>In AUD</i>	2018	2017
Net gain on sale of property, plant and equipment	105,267	1,810
Sale of intangible assets	-	700,000
	<u>105,267</u>	<u>701,810</u>

7 Personnel expenses

<i>In AUD</i>	2018	2017
Wages and salaries (net of wages capitalisation on self constructed assets)	5,569,244	5,579,201
Other associated personnel expenses	1,033,098	981,991
Contributions to defined contribution plan - superannuation	545,980	547,496
Decrease in liability for employee benefits	(18,152)	(17,136)
	<u>7,130,170</u>	<u>7,091,552</u>

8 Other expenses

<i>In AUD</i>	2018	2017
(Decrease)/Increase in provisions	14,595	16,275
Other expenses	592,887	590,300
	<u>607,482</u>	<u>606,575</u>

9 Finance income and finance costs

<i>In AUD</i>	2018	2017
Interest income	4,178	-
Finance income	<u>4,178</u>	<u>-</u>
Interest expense	(166,859)	(911,834)
Other finance expense	(42,057)	(52,885)
Finance costs	<u>(208,916)</u>	<u>(964,719)</u>
Net finance costs recognised in profit or loss	<u>(204,738)</u>	<u>(964,719)</u>

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

10 Income tax expense

In AUD

Current tax expense

Current year

2018 **2017**

- -

Deferred tax expense

Origination and reversal of temporary differences

Total income tax expense

- -

- -

Numerical reconciliation between tax expense and pre-tax accounting profit

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

In AUD

2018 **2017**

The amount set aside for income tax in the statement of comprehensive income has been calculated as follows:

Proportion of net taxable income attributable to non-members

6,708,705 8,228,333

Less: Proportion of expenses attributable to non-members

(6,638,490) (8,693,845)

70,215 (465,512)

Add: Other taxable income

232,796 141,423

303,011 (324,089)

Less: Other deductible expenses

(634,619) (679,289)

Net income subject to tax

(331,608) (1,003,378)

Income tax using the Club's statutory income tax rate of 30% (2017: 30%)

(99,482) (301,013)

Current year losses for which no deferred tax asset was recognised

99,482 301,013

Income tax expense on pre-tax net loss

- -

Tax losses

Unused tax losses for which no deferred tax assets has been recognised

(5,576,426) (5,244,818)

@ 30%

(1,672,928) (1,573,445)

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

11 Cash and cash equivalents

In AUD

	2018	2017
Bank balances	1,936	7,679
Cash on hand	1,388,826	904,509
Cash and cash equivalents	<u>1,390,762</u>	<u>912,188</u>
Bank overdrafts used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	<u>1,390,762</u>	<u>912,188</u>

The Club's exposure to credit and interest rate risks and a sensitivity analysis for financial assets are disclosed in note 21.

Reconciliation of cash flows from operating activities

In AUD

	2018	2017
Cash flows from operating activities		
Profit for the year	772,191	745,795
Adjustments for:		
Depreciation	2,307,869	1,999,953
Net interest expense	204,738	964,719
Gain on sale of property, plant and equipment	(105,267)	(1,810)
Gain on sale of intangible asset	-	(700,000)
Operating profit before changes in working capital and provisions	<u>3,179,531</u>	<u>3,008,657</u>
Change in trade and other receivables	80,665	(143,733)
Change in inventories	(63,937)	34,338
Change in prepayments	(203,169)	75,641
Change in trade and other payables	951,566	(868,422)
Change in provisions and employee benefits	(18,152)	(17,136)
Change in unearned income	(126,562)	(79,125)
	<u>3,799,942</u>	<u>2,010,220</u>
Interest received	4,178	-
Interest paid	(208,916)	(964,719)
Net cash from operating activities	<u>3,595,204</u>	<u>1,045,501</u>

12 Trade and other receivables

In AUD

	2018	2017
Current		
Trade and other receivables	<u>182,490</u>	<u>263,155</u>

The Club's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 21.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

13 Inventories

In AUD

	2018	2017
Finished goods and consumables	240,553	176,616

14 Property, plant and equipment

In AUD

	Land and buildings	Plant and equipment	Leasehold improvements	Leased assets	Capital work in progress	Total
Cost or deemed cost						
Balance at 1 January 2017	82,775,179	16,457,706	2,376,597	1,481,478	5,086,082	108,177,042
Additions	-	1,190,851	-	-	876,872	2,067,723
Disposals	-	(1,172,005)	-	-	-	(1,172,005)
Revaluation	56,848,248	-	-	-	-	56,848,248
Transfers	376,573	52,271	-	-	(428,844)	-
Balance at 31 December 2017	140,000,000	16,528,823	2,376,597	1,481,478	5,534,110	165,921,008
Balance at 1 January 2018	140,000,000	16,528,823	2,376,597	1,481,478	5,534,110	165,921,008
Additions	111,286	1,939,883	-	561,221	2,374,783	4,987,173
Disposals	-	(2,397,565)	-	-	-	(2,397,565)
Transfers	1,181,117	1,519,019	138,343	(1,228,135)	(1,610,344)	-
Balance at 31 December 2018	141,292,403	17,590,160	2,514,940	814,564	6,298,549	168,510,616
Depreciation						
Balance at 1 January 2017	378,238	12,543,337	1,116,090	1,318,953	-	15,356,618
Depreciation for the year	381,497	1,522,246	30,376	65,834	-	1,999,953
Disposals	-	(1,168,418)	-	-	-	(1,168,418)
Offset of accumulated depreciation on buildings	(759,735)	-	-	-	-	(759,735)
Balance at 31 December 2017	-	12,897,165	1,146,466	1,384,787	-	15,428,418
Balance at 1 January 2018	-	12,897,165	1,146,466	1,384,787	-	15,428,418
Depreciation for the year	552,692	1,588,700	30,668	135,809	-	2,307,869
Disposals	-	(2,381,050)	-	-	-	(2,381,050)
Transfers	-	1,241,625	-	(1,241,625)	-	-
Balance at 31 December 2018	552,692	13,346,440	1,177,134	278,971	-	15,355,237
Carrying amounts						
At 31 December 2017	140,000,000	3,631,658	1,230,131	96,691	5,534,110	150,492,590
At 1 January 2018	140,000,000	3,631,658	1,230,131	96,691	5,534,110	150,492,590
At 31 December 2018	140,739,711	4,243,720	1,337,806	535,593	6,298,549	153,155,379

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

14 Property, plant and equipment (continued)

Leased assets

The Club leases gaming machines under a number of finance lease agreements. Refer to Note 17 for details of security over leased assets.

Security

Refer to Note 17 for details of security over property, plant and equipment.

Valuation

The Directors obtained a full and comprehensive valuation of the Club's freehold land and buildings at 194 – 204 Pitt Street on 31 December 2017 by Preston Rowe Paterson Property Consultants (Registered Valuer No. VAL2391) on the basis of open market value for existing use (i.e. in the current form of being a Club). The findings of the valuation exercise resulted in the revaluation of the Club's land and buildings to a fair value of \$140,000,000 as at 31 December 2017. As a result, the amount of \$57,607,983 was recognised in other comprehensive income in the 2017 financial year, which was the difference between land and building carrying amount prior to accounting for the fair value uplift.

The Directors obtained a supplementary valuation advice from Preston Rowe Paterson Property Consultants to confirm the Club's carrying value of land and building as at 31 December 2018. The advice (letter dated 2 May 2019) confirmed that the carrying amount (or fair value) of land and buildings reflected within the financial statements as at 31 December 2018 is fair and reasonable and in accordance with the Australian Accounting Standards. As a result, no fair value (or revaluation) adjustment was undertaken in the 2018 financial year.

15 Core and non-core property

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

<i>In AUD</i>	2018	2017
Core property	153,155,379	150,492,590
Non-core property	-	-
	<u>153,155,379</u>	<u>150,492,590</u>

Core property includes the defined premises of the Club and any facilities provided for Club members. Accordingly, all property occupied by the Club is defined as core property.

16 Trade and other payables

<i>In AUD</i>	2018	2017
Current		
Trade payables and accrued expenses	2,587,452	2,182,105
Daily licence fees	1,200,134	727,049
Revenue received in advance	747,170	566,820
	<u>4,534,756</u>	<u>3,475,974</u>
Non-current		
Daily licence fees	711,251	818,467
	<u>711,251</u>	<u>818,467</u>

The Club's exposure to liquidity risk related to trade and other payables is disclosed in note 21.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

17 Loans and borrowings

This note provides information about the contractual terms of the Club's interest-bearing and non-interest bearing loans and borrowings which are measured at amortised cost. For more information about the Club's exposure to interest rate and liquidity risk, see note 21.

In AUD

Current liabilities

	2018	2017
Secured bank loans	-	450,000
Finance lease liability - Other	484,274	
Finance lease liability - ANZ	56,700	65,513
	<u>540,974</u>	<u>515,513</u>

Non-current liabilities

Developer refinancing loan	20,000,000	-
Secured bank loans	-	18,220,000
Finance lease liabilities	1,766	58,466
	<u>20,001,766</u>	<u>18,278,466</u>

Financing facilities

In AUD

The Club has access to the following lines of credit:

Facilities available

	2018	2017
Bank overdraft	-	600,000
Secured bill facility	-	18,670,000
Lease finance facility - ANZ *	119,628	208,000
	<u>119,628</u>	<u>19,478,000</u>

Facilities utilised at reporting date

Bank overdraft	-	-
Secured bill facility	-	18,670,000
Lease finance facility - ANZ	58,466	123,979
	<u>58,466</u>	<u>18,793,979</u>

Facilities not utilised at reporting date

Bank overdraft	-	600,000
Secured bill facility	-	-
Lease finance facility - ANZ	61,162	84,021
	<u>61,162</u>	<u>684,021</u>

* The above does not include Daily licence fees which do not represent facilities and therefore are not included in the above.

Security

First registered Mortgage over the property situated at 194 Pitt Street, Sydney.

First registered Mortgage over the property situated at 196-204 Pitt Street Sydney.

Specific Security over Liquor License and all related gambling machine entitlements and poker permits, including 302 gaming entitlements.

Financing arrangements

Bank Bills

Bank bills are denominated in Australian dollars. The bank bills amount in current liabilities comprises the portion of the Club's bank bills payable within one year (\$484,274).

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

17 Loans and borrowings (continued)

Finance lease liabilities

Hire purchase and finance lease liabilities of the Company relate to gaming machines and back office system. These are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
<i>In AUD</i>	2018	2018	2018	2017	2017	2017
Less than one year	1,258,330	1,496	56,700	797,547	4,985	65,513
Between one and five year	713,025	8	1,766	881,381	4,448	58,466
	<u>1,971,355</u>	<u>1,504</u>	<u>58,466</u>	<u>1,678,928</u>	<u>9,433</u>	<u>123,979</u>

18 Employee benefits

In AUD

Current

	2018	2017
Liability for long service leave	316,569	310,722
Liability for annual leave	283,526	379,206
	<u>600,095</u>	<u>689,928</u>

Non-current

Liability for annual and long-service leave	254,338	182,657
	<u>254,338</u>	<u>182,657</u>

19 Provisions

In AUD

	Restoration costs	Poker machine links	CT bonus points	Total
Balance at 1 January 2018	50,000	76,562	227,139	353,701
Provisions charge during the year	-	97,535	(224,097)	(126,562)
Balance at 31 December 2018	<u>50,000</u>	<u>174,097</u>	<u>3,042</u>	<u>227,139</u>
Current	-	174,097	3,042	177,139
Non-current	50,000	-	-	50,000
	<u>50,000</u>	<u>174,097</u>	<u>3,042</u>	<u>227,139</u>

Restoration costs

The provisions for restoration costs is in respect to the Club's obligation to restore Boonoona Ski Lodge at the end of the lease term in 2028. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The provision is expected to be realised at the end of the lease term.

Poker machine links and CT bonus points

The provision for poker machine links and CT bonus points represent the Club's estimated present obligation to members and visitors in respect of poker machine link payouts and bonus points promotions. The provisions are expected to be realised within 12 months of reporting date.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

20 General funds and reserves

General funds

General funds represents the funds of the Club that are not designated for particular purposes.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land and buildings.

Capital profit reserve

The amount represents the balance of the revaluation reserve at 1 January 2004 in respect of assets that were measured on the basis of deemed cost on transition to AIFRSs.

21 Financial risk management and financial instruments

Overview

The Club has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Club's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is also responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Club, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Club's activities. The Club, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Club's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Club.

Credit risk

Credit risk is the risk of financial loss to the Club if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Club's trade and other receivables and cash and cash equivalents.

Management of credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Club does not require collateral in respect of financial assets. The Club limits its exposure to credit risk on cash and cash equivalents by only investing in current and deposit accounts with independently credit-related Australian standardised financial institutions. These are generally held on short terms (less than three months) to ensure funds are immediately accessible for operating and investing needs.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

21 Financial risk management and financial instruments (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	Note	2018	2017
Cash and cash equivalents	11	1,390,762	912,188
Trade and other receivables	12	182,490	263,155
		<u>1,573,252</u>	<u>1,175,343</u>

As the Club only operates in Sydney, Australia and to retail customers the credit risk exposure by geographic and type of customer is limited to these groups respectively.

Based on historic default rates and the insignificant balance of trade receivables at the end of the year, the Club believes that no impairment allowance is necessary in respect of trade receivables.

The aging of the Club's trade receivables at the reporting date was:

<i>In AUD</i>	Note	Gross 2018	Impairment 2018	Gross 2017	Impairment 2017
Not past due	12	182,490	-	263,155	-

Liquidity risk

Liquidity risk is the risk that the Club will not meet its financial obligations as they fall due.

Management of liquidity risk

The Club's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's reputation.

The Club monitors cash flow requirements on a daily basis and optimises its payments and receipts cycle accordingly. Typically the Club ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

21 Financial risk management and financial instruments (continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31-Dec-18

<i>In AUD</i>	Note	Carrying amount	Contractual cash flows	12 mths or less	1-5 years	More than 5 years
Bank overdrafts	11	-	-	-	-	-
Trade and other payables	16	3,334,622	3,334,622	3,334,622	-	-
Developer refinancing	17	20,000,000	20,000,000	-	-	20,000,000
Finance lease liabilities	17	58,466	59,970	58,196	1,774	-
		<u>23,393,088</u>	<u>23,394,592</u>	<u>3,392,818</u>	<u>1,774</u>	<u>20,000,000</u>

31-Dec-17

Bank overdrafts	11	-	-	-	-	-
Trade and other payables	16	2,748,925	2,748,925	2,748,925	-	-
Secured bank loans	17	18,670,000	18,670,000	450,000	18,220,000	-
Finance lease liabilities	17	123,979	133,412	70,498	62,914	-
		<u>21,542,904</u>	<u>21,552,337</u>	<u>3,269,423</u>	<u>18,282,914</u>	<u>-</u>

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Club's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Club's exposure to interest rate risk is primarily attributable to cash and cash equivalents and finance lease liabilities. The Club does not use derivatives to minimise this risk and these will fluctuate in accordance with movements in the market interest rates.

City Tattersalls Club
Notes to the financial statements
For the year ended 31 December 2018

21 Financial risk management and financial instruments (continued)
Management of market risk (continued)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

<i>In AUD</i>	Carrying amount	
	2018	2017
Fixed rate instruments		
Financial liabilities	(58,466)	(123,979)
	<u>(58,466)</u>	<u>(123,979)</u>
Variable rate instruments		
Financial assets	1,390,762	912,188
Financial liabilities	(20,000,000)	(18,670,000)
	<u>(18,609,238)</u>	<u>(17,757,812)</u>

Fair value sensitivity analysis for fixed rate instruments

The Club does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Club does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

<i>Effect In AUD</i>	Profit or loss	
	100 bp increase	100 bp Decrease
31 December 2018		
Variable rate instruments	(18,609)	18,609
Cash flow sensitivity (net)	<u>(18,609)</u>	<u>18,609</u>
31 December 2017		
Variable rate instruments	(17,758)	17,758
Cash flow sensitivity (net)	<u>(17,758)</u>	<u>17,758</u>

Fair values

Fair values versus carrying amounts

As at the reporting date, the carrying value of financial assets and liabilities are considered to approximate their fair value.

City Tattersalls Club

Notes to the financial statements

For the year ended 31 December 2018

22 Operating leases

Leases as lessor

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2018	2017
Less than one year	243,774	21,200
Between one and five years	298,967	106,000
More than five years	-	188,150
	<u>542,741</u>	<u>315,350</u>

The Club leases the Boonoona Ski Lodge, from the NSW National Park and Wildlife Service, under a non-cancellable operating lease expiring on 30 June 2028, with the three options to renew the lease for a period of 10 years each after that date. Leases generally provide the Club with a right to renewal at which time all terms are negotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

During the year ended 31 December 2018, \$51,092 was recognised as an expense in the respect of operating leases (2017: \$46,578).

23 Capital and other commitments

In AUD

Capital expenditure commitments

Property, plant and equipment

Contracted but not provided for and payable:

Within one year

2018 **2017**

-	-
<u>-</u>	<u>-</u>

24 Contingencies

In AUD

Contingent liabilities remote

Bank guarantee

2018 **2017**

10,000	15,000
<u>10,000</u>	<u>15,000</u>

City Tattersalls Club

Notes to the financial statements

For the year ended 31 December 2018

25 Related parties

Key management personnel compensation

The key management personnel compensation comprised:

In AUD

	2018	2017
Short-term employee benefits	<u>630,818</u>	<u>492,502</u>

Apart from the details disclosed in this note, no Director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel transactions with the Club

From time to time, the Directors of the Club may purchase goods from the Club. These purchases are on the same terms and conditions as those entered into by other Club employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, there have been no material contract entered between the Directors and the Club since the end of the previous financial year and there were no material contracts involving the Directors' interests existing at year end.

26 Subsequent events

Subsequent to year end, the Club opened the following facilities with CBA: (a) overdraft facility for \$800k; (b) loan facility \$650k (drawdown of \$350k in 1st March); (c) credit card facility for \$40k; and (d) and EFTPOS merchant facility.

Apart from the above, there have been no other events subsequent to balance date which would have a material effect on the Club's financial statements at 31 December 2018.

27 Auditor's remuneration

In AUD

Auditor of the Club

KPMG Australia:

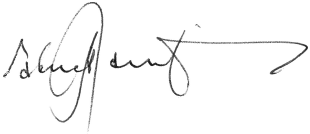
	2018	2017
Audit of financial reports	65,000	65,000
Preparation of financial statements	8,000	7,500
Other assurance services	17,500	58,000
	<u>90,500</u>	<u>130,500</u>

City Tattersalls Club Directors' declaration

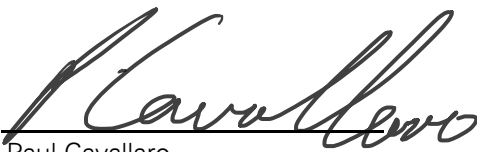
In the opinion of the Directors of City Tattersalls Club ("the Club"):

- (a) the financial statements and notes that are set out on pages 3 to 28, are in accordance with the City Tattersalls Club Act 1912 as amended by City Tattersalls Club Act Amendment Act 1936, and the City Tattersalls Club Rules as Amended, including:
 - (i) giving true and fair view of the Club's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Patrick Campion
Chairman



Paul Cavallaro
Vice Chair

3 May 2019



Independent Auditor's Report

To the Committee Members of City Tattersall's Club Limited

Opinion

We have audited the **Financial Report** of City Tattersall's Club Limited (the Company).

In our opinion, the accompanying Financial Report gives a true and fair view of the financial position of the City Tattersall's Club Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements and the City Tattersall's Club Act 1912 as amended by the City Tattersall's Club Act Amendment 1936, and the City Tattersall's Club Rules as amended*.

The **Financial Statements** comprises:

- Statement of financial position as at 31 December 2018
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - Restriction on use and distribution

The Financial Report has been prepared to assist the Committee Members of City Tattersall's Club Limited in complying with the financial reporting requirements of the City Tattersall's Club Act as amended by the City Tattersall's Club Act Amendment 1936, and the City Tattersall's Club Rules as amended.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Committee Members of City Tattersall's Club Limited and should not be used by or distributed to parties other than the Committee Members of City Tattersall's Club Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Committee Members of City Tattersall's Club Limited or for any other purpose than that for which it was prepared.



Responsibilities of Committee Members for the Financial Statements

The Committee Members are responsible for:

- the preparation of the Financial Statements is in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the City Tattersall's Club Act 1912 as amended by the City Tattersall's Club Act Amendment 1936, and the City Tattersall's Club Rules as amended
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the *Company's* ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Niraj Singh
Partner

Sydney
3 May 2019