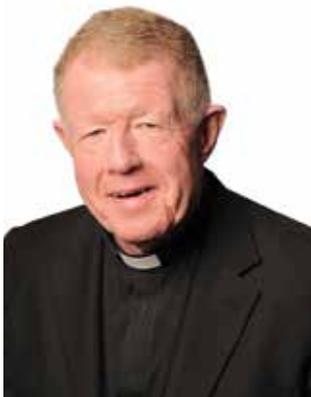




2016/17 ANNUAL REPORT

Illawarra Catholic Club incorporating
Club Central Hurstville
Club Central Menai
ABN 68 000 361 660

Directors



PATRON
Bishop
Terrance Brady



PRESIDENT
B.A. Cloney



VICE PRESIDENT
B.T. Roberts



DIRECTOR
A.J. Briscoe



DIRECTOR
S.M. Coogan



DIRECTOR
K.P. Greene



DIRECTOR
S.J. Simpson



DIRECTOR
P. Stanton



**CHIEF EXECUTIVE
OFFICER**
Mike Walker

Contents

Notice of Annual General Meeting	4
Life Members	7
Management Report	8
President's Report	10
Community Support	13
Directors' Report	14
Lead Auditor's Independence Declaration	17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Members' Funds	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
Directors' Declaration	36
Independent Audit Report	37

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fifty-seventh Annual General Meeting of Illawarra Catholic Club Limited (ABN 68 000 361 660) will be held at Club Central Hurstville premises, 2 Crofts Avenue, Hurstville on Monday 6th November 2017 at 7:30pm.

BUSINESS

1. To formally verify the minutes of the fifty sixth Annual General Meeting held on Monday 7th November 2016.
2. To receive and consider the Report of the Board of Directors.
3. To receive and consider the Statements of Financial Performance and Financial Position as at 30 June 2017, and supporting Financial Statements for the year then ended, together with the Auditor's Report therein.
4. To consider and, if thought fit, pass the Ordinary Resolutions (set out below) conferring benefits on Directors.
5. To consider the recommendation of the Board of Directors, that member Sandra Coogan be elected to Honorary Life Membership of the Club.
6. To declare the elected Directors for the ensuing three years in accordance with Rule 67(a), (b), (c), (d) & (e) of the Triennial System for election of Directors.
7. To transact any other business which may be transacted pursuant to the Club's Constitution.

FIRST ORDINARY RESOLUTION

Pursuant to the Registered Clubs Act 1976:

- a. That the members hereby approve expenditure by the club in a sum not exceeding \$100,000 for the period preceding the 2018 Annual General Meeting for the following expenses, subject to approval by the Board of Directors:
 - i. Sponsorship of Intra-Clubs; Annual Community Partners' Dinner; Presentations to members or other persons acknowledging service deemed by the Directors as being of benefit to the Club.
 - ii. Reasonable expenses incurred by Directors in travelling to and from Directors or other duly constituted committee meetings, either within the Club or elsewhere, as approved by the Board on production of documentary evidence of such expenditure.
 - iii. The cost of a meal and beverage for each Director at a reasonable time before or after a Board or Committee meeting, on the day of that meeting.
 - iv. Reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties, including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
- b. The members acknowledge that the benefits in (a) above are not available to members generally, but only for those who are Directors of the Club and those members directly involved in the above activities, (expenditure for the year ended 30 June 2017 amounted to \$62,032).

SECOND ORDINARY RESOLUTION

Pursuant to the Registered Clubs Act 1976:

- a. That the members hereby approve expenditure by the Club in a sum not exceeding \$100,000 for the professional development and education of Directors preceding the 2018 Annual General Meeting, including:
 - i. The reasonable cost of Directors attending at the Clubs NSW meetings and seminars.
 - ii. The reasonable cost of Directors attending meetings of other associations of which the Club is a member.
 - iii. The reasonable cost of Directors attending seminars, lectures, trade displays, organised study tours, fact-finding tours and other similar events as may be determined by the Board from time to time.
 - iv. The reasonable cost of Directors attending other Clubs for the purpose of observing their facilities and methods of operation.
 - v. Attendance at functions with partners where appropriate and required, to represent the Club

Notice of Annual General Meeting (continued)

b. The approval by the members of the following honoraria being conferred for the period up to the next AGM of the Club:

- President \$11,600
- Vice President \$ 5,600
- Directors \$ 4,400

such amounts being increased by the Consumer Price Index All Groups Sydney percentage to the quarter ending June each year and calculated to the nearest \$100.

c) The members acknowledge that the benefits in (a) and (b) above are not available to members generally, but only for those who are Directors of the Club, (expenditure for the year ended 30 June 2017 amounted to \$48,931).

Notes to members

1. Members are reminded that, to gain admission to the Annual General Meeting, will be in accordance with Rule 29(a) & (b) of the Constitution and they must present for inspection their current membership card. All members will be entitled to receive a voting card, which will identify them and allow them to vote as permitted by the Constitution of the Club, and the Registered Clubs Act 1976.
2. In accordance with Rule 29(a) of the Club's Constitution, all Life members and Ordinary members are entitled to vote on the Ordinary Resolutions.
3. To be passed, each Ordinary Resolution must receive votes in its favour from not less than a majority (50%+1) of those members who being eligible to do so, vote in person at the meeting.
4. Because of the provisions of the Corporations Act 2001, the Ordinary Resolutions must each be considered as a whole and cannot be altered by motions from the floor of the meeting.
5. The Registered Clubs Act prohibits an employee from voting at any meeting of the Club.
6. Members should read the proposed resolutions and the Explanatory Notes to Members which explain the nature and effect of each resolution.
7. Please direct any questions or concerns about the Ordinary Resolutions to the Chief Executive Officer of the Club, if possible before the meeting.
8. Proxy votes are not permitted under the Registered Clubs Act 1976.
9. Questions in relation to the Financial Report must be in writing and in the hands of the Chief Executive Officer no later than 5:00pm on Monday 30 October 2017. This requirement is necessary to enable accurate and factual answers to be researched and prepared for members' information prior to the Annual General Meeting.



M J WALKER
CHIEF EXECUTIVE OFFICER

Date: 24 AUGUST 2017

EXPLANATORY NOTES TO MEMBERS

(To be read in conjunction with the Resolutions set out in the Notice of Annual General Meeting.)

Notice of Annual General Meeting (continued)

FIRST ORDINARY RESOLUTION

The purpose of the First Ordinary Resolution is to meet the disclosure requirements of the Corporations Act and Registered Clubs Act. It relates to expenditure shown in the Club's Annual Accounts under various headings and approved by the members when the annual accounts are adopted.

The adoption of this Ordinary Resolution by members will confirm and set an upper limit on the amount to be expended.

SECOND ORDINARY RESOLUTION

The purpose of the Second Ordinary Resolution is again to meet the disclosure requirements of the Corporations Act and Registered Clubs Act. It relates to expenditure by the Club for the professional development and education of Directors as well as ensuring that Directors keep up-to-date with current Club Industry development and that the Club is represented by selected Directors at the various meetings of Associations of which the Club is a member.

The Second Ordinary Resolution also confers an annual honoraria on directors of the Club in the amount specified.

The adoption of this Resolution by members will confirm and set an upper limit on the amount to be expended.

ANNUAL FINANCIAL REPORT, DIRECTOR'S REPORT AND AUDITOR'S REPORT

Consistent with section 314 of the Corporations Act 2001 the annual financial report, the directors' report and the auditor's report are available for inspection on the Club's website at

www.clubcentralhurstville.com.au and www.clubcentralmenai.com.au

ELECTION OF DIRECTORS

Nominations for the offices of Director of Illawarra Catholic Club Limited must be in the hands of the Secretary no later than 5pm on Sunday 8th October 2017 as previously notified on Club Notice boards, in the Leader Newspaper and in the Club brochure.

Group 1 of the Triennial system (two positions) will be up for election this year.

VOTING

In the event of a ballot being necessary, the ballot shall be conducted at the Club Central Hurstville and Club Central Menai premises, between the hours of 10:00am and 6:00pm on the following dates:

Tuesday	31	October	2017
Wednesday	1	November	2017
Thursday	2	November	2017
Friday	3	November	2017
Saturday	4	November	2017

Life Members

Year	Number	Name
1966	1	* Walsh, Monsignor M E
1967	2	Bleakley, Edward C
1974	3	* Mullane, Patrick J
"	4	* Harley, Bernard J OAM
"	5	* McCarthy, Terence P
"	6	* Gibb, Pat A
1976	7	* Ross, Gregory
"	8	* Condon, Cecil S
"	9	Rayment, Brian P
1978	10	* Macauley, John E (Jack)
"	11	* Webster, Donald A
"	12	* O'Shea, Helen (Nell)
"	13	* Cruikshank, Harold E
"	14	* Joils, Harold T
"	15	* Paranthoienne, Francis
"	16	Lynch, Mervyn V
"	17	McCarthy, Brian D
1979	18	* Lander, Rev. Father John E OAM
"	19	* Ewers, John R
1987	20	Cremin, Bishop David
"	21	Lyne, Monsignor John
"	22	* Jansen, Rev. Father Basil L
"	23	* Stanton, Jack J
"	24	* Dearing, Richard (Dick)
"	25	* Trainor, Edward (Ted)
"	26	* Barker, Phylis
"	27	* Jopson, Bernard
"	28	* Gillard, Patricia
"	29	* Stanley, Robert (Bob)
"	30	* Sheedy, Leonard
"	31	* Macks, Lloyd
"	32	* Little, Enid V
1989	33	* Arkey, Reda
"	34	* Chounding, Allan
"	35	* Condon, Tom
"	36	* Dechow, Fran
"	37	* Farrell, Bryan
"	38	* Ivamy, Arthur
"	39	* Seaborn, Marge
"	40	* Ryan, Frank
1990	41	* Holt, Robert
"	42	Greene, Kevin
"	43	* Jagelman, Ray
1992	44	* Jacobs, Rev Father Paul
"	45	McCarthy, Rev Father Michael
"	46	* Colbourne, James
"	47	Frawley, Michael
"	48	* Bresnahan, Frank
"	49	Martin, Dorothy
"	50	* Mullins, Edna
1993	51	Stanley, Clare
"	52	* Cook, Mary
1994	53	* Galvin, Therese
"	54	* Macauley, Jean
"	55	Weinert, Denise
2000	56	Briscoe, Alf
"	57	Jones, Lee
"	58	* Kelly, Terry
"	59	Svenson, Alf
"	60	Trainor, Chris
2001	61	Ohlin, John
2002	62	Clift, Doreen
2015	63	* Bernie Holdsworth
2015	64	Brian Cloney
2015	65	Brian Roberts
2015	66	Steve Simpson

* Denotes deceased

Management Report

Dear Members,

We have witnessed yet another fruitful year, with a profit for the ICC Group of \$16,024,483 before Income Tax of \$1,312,855 and including Donations of \$998,479 and Depreciation of \$5,113,953. This great result is directly attributed to the continued loyal patronage of you the members, coupled with the income contribution derived from our commercial properties. As reflected in the Annual Report, we have maintained a healthy cash positive position, with cash and investments exceeding borrowings by \$52,121,439. It is also important to note that our loan facility with the CBA will be fully extinguished next year.

Our current financial position has enabled future planning strategies to proceed with minimal exposure to existing assets.

Our recently approved Development Application (subject to the final signing of a VPA) to extend the existing Club Central Hurstville building, on the adjacent Club owned land at 6-8 Cross Street, has also involved negotiations, conducted over the past twelve months, for the early termination of the ANZ Bank Lease, yet to be realised.

The new extension will accommodate a larger gaming lounge, a six hundred seat function/seminar centre and independent kitchen, additional food outlets & lounges, additional car parking and a 124-room hotel. We will also refurbish existing Club facilities, during the extension and redevelopment works, with changes to the main entry/reception area, the gaming lounge and Arena lounge/bar.

The Board is also committed to the purchase of additional strategic properties, that may become available in the Hurstville and Menai areas.

We have leased our vacant tenancy on Level 4 of ICC House to National Disability Insurance Australia, which will once again see this building fully occupied and in turn means an overall occupancy of 99% across all our commercial holdings. Meanwhile we are negotiating with a new tenant for Shop 1 Level 1 Cross Street.

During the year, we have refurbished the Chinese Restaurant at Hurstville, now known as Imperial Dynasty and created a new Asian offering in the external restaurant at Menai, called the Rustic Rickshaw. It was disappointing to witness the unsustainable response to Captain Corelli's and a decision needed to be made to provide a different more affordable food service. This was done with the assistance of Food Consultants Brain & Poulter.

Membership for the 2016 - 2017 year totalled 51,782, compared with 49,797 for the 2015- 2016 year, an increase of 1,985 or 4%. Meanwhile our Business Development & Marketing Department is working on some great initiatives to make Membership of Club Central even more enticing and valuable in the year ahead.

We have continued to improve on our sustainability initiatives with the installation of two ORCA food waste disposal systems at Hurstville and Menai, which will reduce our present landfill contribution and save on waste removal costs. Our Green Team continues to oversee the day to day disposal of general and recyclable waste, as well as the development of new initiatives to reduce both our carbon footprint and waste to landfill. Our Sustainability Central Newsletter, which is circulated bi annually, provides updates to members and visitors. We have again renewed our membership with the NSW Government Office of Environment & Heritage, as a Bronze member.

Our Corporate Social Responsibility program was well supported during the year, by many of our wonderful staff members (too numerous to mention), who have participated in the delivery of the following community services:

- Hurstville Community Food Services (Meals on Wheels 162 hours).
- Blood Donations (40 hours)
- Sylvanvale Charity Golf Day (32 hours).
- Relay for Life (Cancer Council 144 hours).
- Job Support (work placement program for disadvantaged job seekers, with a total of 75 hours provided)
- In House Events for Charity including Red Shield Appeal, Jeans for Genes, Worlds Greatest Shave, Amelie House Linen Drive & Pink Ribbon Day to name a few.

It makes me proud to be associated with all staff involved and I offer my sincere thanks for their charitable efforts in supporting these worthwhile causes.

We are further strengthening our connection with the community by creating a new management role "Community Engagement Manager" to work with all our donation and sponsorship recipients and to promote the wonderful work that our Club does throughout both our Hurstville and Menai communities.

The success of our Club is not an accident and relies heavily on the positive working relationship of the Senior Management

Management Report (continued)

Team, the cohesion within the Board of Directors and the successful cooperation between Management and the Board. I thank the Board sincerely for their support of the Management Team, whilst working within the Club's Corporate Governance Charter & Code of Conduct.

My thanks is also extended to the many service contractors, business consultants and agents, who maintain our buildings, commercial tenancies, club facilities, entertainment and product services, throughout the year and not forgetting our three accomplished caterers Myriam & Richard Facer (Terrace Bistro and Coffee Shop, Menai), Johnny Lim (Imperial Dynasty Chinese Restaurant Hurstville) and Gable Lo (Rustic Rickshaw Asian Restaurant, Menai) and their wonderful staff.

Last, but by no means least, I express my sincere gratitude to all floor staff, line managers, maintenance staff and my executive team for their ongoing professionalism, enthusiasm and an eye for detail, in providing you, our members with the service, care and attention that is part and parcel of your Club Central membership.

Please visit both our Club Websites to discover the excellent entertainment and promotions that will be on offer over the coming months. You might also consider providing a gift of "Membership" to a family member or friend. Just visit the Club or go online today.



M J WALKER
CHIEF EXECUTIVE OFFICER

President's Report

On behalf of your Board of Directors, it is my pleasure to present the 57th Annual Report and Financial Statements as at 30 June 2017. The year's trading returned an operating profit of \$14,711,628 (2016 \$14,747,249) after charging depreciation of \$5,113,953 (2016 \$4,619,677) and Income Tax expenses of \$1,312,855 (2016 \$1,100,904).

Once again in this financial year we have produced excellent results and they have once again been achieved through much hard work and commitment by management and staff. Our team led by our CEO Mike Walker and his Executive management team, continue to work in partnership with our caterers and suppliers. It is only possible to achieve these great results because of the solid foundation our team has built our business partners over many years. We also are proud of our Community partner organizations that we help fund in the charity and welfare space and will continue to build strong relationships in this area over coming years.

The Board is always very mindful of the need to maintain high standards of corporate governance, accountability and due diligence across all aspects of our operations. It gives us great peace of mind to witness the strong adoption of these principles and standards at all levels in our business.

Our primary focus must always be the satisfaction of you, our members. We can only achieve this through high quality standards in every aspect of our business on a daily basis.

CLUB CENTRAL HURSTVILLE AND MENAI

Club Central Hurstville is again the dominant contributor to our profitability, primarily through gaming. The revamped Imperial Dynasty Restaurant has had great acceptance since its re launch and Yum Cha sessions are still pulling large crowds on a daily basis.

Our commercial business portfolio underpins the Hurstville profit performance and the exciting redevelopment plans at Hurstville including our new Hotel and conference offerings should see our business remain an important player in the Hurstville market. The additional commercial space will also provide continuing rental income and our existing property portfolio continues to be fully leased and contributing strong financial returns.

The Terrace Restaurant at Menai continues under Richard and Myriam Facers & their team's efforts to produce high quality food offerings daily and the newly opened Rustic Rickshaw Asian venue has had good reviews since opening earlier this year.

Our conference and function centres at both clubs are another important element of our operations being popular with our members, community groups, sporting bodies and local businesses. More family events and celebrations are taking place weekly and our entertainment team brings us terrific shows, bingo, poker, trivia and other events on a weekly basis. It is clear that our clubs are a source of much pleasure to many within our communities.

CLUB BOARD

I take this opportunity to acknowledge and personally thank the wonderful group of Directors most of whom have now been involved now for many years and bring strong skills to our leadership team. I can assure you that your Board robustly discusses all issues raised and all board members work tirelessly for the benefit of the Club and with a good diversity of backgrounds this ensures a healthy debate takes place. The Board is also very conscious of the need to put in place strategies that provide for the continual growth and strengthening of your Club.

The Board enjoys a very harmonious relationship with the CEO and his Executive Team which only further strengthens our future success.

OBITUARY

My sincere sympathy is extended to the relatives and friends of those members who have passed away during the last twelve months. May they rest in peace.

DONATIONS

Our Clubs provide wonderful support to our local communities through our donations programs. Recipients this year include many community welfare groups, sporting bodies and charity organisations which are listed on page 13. Donations totaling \$774,290 and \$285,348 were made to Hurstville and Sutherland areas respectively, under the ClubGRANTS Scheme (1 September 2016 to 31 August 2017).

This does not include the many additional donations that could not be included under ClubGRANTS guidelines.

President's Report (continued)

HOLIDAY CENTRES

Recent renovations and property upgrades mean better than ever value for members and their families at the holiday resort units available for your use at Fingal Bay (Port Stephens), Urunga (mid north coast) and Sussex Inlet (south coast).

These holiday units provide excellent low-cost family accommodation. I encourage all Club members planning a family holiday to enter the respective ballots for these holiday sites. Enquiries concerning Resort bookings may be made at reception at both Hurstville and Menai.

EMPLOYEES

Our accomplished staff will always be the foundation to our success as they are the face of the Club. A sincere thank you for your contribution. Details of the number of employees and staff costs for the year ending 30 June 2017 follow:

	Menai	Hurstville	2017	2016 total
Permanent	18	40	58	47
Permanent/Part Time	9	15	24	39
Casual	38	27	65	67
	65	82	147	153
	\$	\$	\$	\$
Total Wages	3,183,086	4,051,824	7,234,910	6,950,417
Wages on Cost	602,267	791,333	1,393,600	1,231,834
	3,785,353	4,843,157	8,628,510	8,182,251

Note: These figures do not include the cost of staff training courses of \$125,755 (2016 \$104,412).

It is to be noted that there were some government training rebates offered for specific courses that are not included in the above.

FINANCIAL REPORT

The STATUTORY ANNUAL REPORT and associated FINANCIAL STATEMENTS for the financial year ended 30 June 2016 follow. These reports appear through pages 14 to 38 inclusive. The major items of revenue and expense of the two clubs at Hurstville and Menai are listed as follows along with a comparison of the year 2016.

	Hurstville 2016	Hurstville 2017	Menai 2016	Menai 2017
Gaming Net Revenue	34,468,148	33,068,275	10,542,297	10,570,658
Bar Sales	634,539	604,442	2,209,116	2,394,452
Food Sales	147,276	100,828	145,024	182,267
Other Income	294,483	296,891	216,129	213,889
	35,542,446	34,070,436	13,112,566	13,361,266
Wages	3,925,992	4,051,824	3,024,425	3,183,086
State Taxation	8,460,971	8,075,871	2,216,104	2,217,656
Cost of Goods Sold	210,558	190,629	792,385	841,638
Entertainment & Promotions	1,409,215	1,374,472	527,900	553,232
Depreciation/Amortisation	2,010,878	2,091,784	1,804,340	2,022,318
Repairs & Replacements	475,747	493,226	296,019	326,054
Energy	163,375	169,366	189,176	208,664
Staff Amenities/Training	103,672	118,687	81,676	110,657
Interest & Bank Charges	9,580	9,406	4,885	5,370

President's Report (continued)

Cleaning	376,510	363,289	291,925	303,855
Insurance	176,400	187,599	161,261	155,914
Rates	63,161	54,762	49,966	51,889
Security	299,798	286,517	180,818	190,814
Superannuation	415,568	407,160	306,244	309,779
Other Expenses	4,041,220	4,046,697	1,711,277	1,613,637
	22,142,645	21,921,289	11,262,158	12,094,563
Operating Profit	13,399,801	12,149,147	1,474,165	1,266,703

Note: These figures relate to Hurstville and Menai Club operations only, and do not include member subscriptions and joining fees, interest income, profit or loss on disposal of assets, expenses of donations, property rentals and expenses.

LIQUIDITY

Working Capital at 30 June 2017 was in surplus \$54,029,348 compared with a surplus of \$40,781,922 in 2016. The increase of \$13,247,426, reflects the continuing strong cash flows experienced through the 2017 financial year. Expenditure on property, plant and equipment was \$4,003,984 compared to \$12,324,023 in 2016, while outstanding borrowings were reduced by \$2,434,215.

CONCLUSION

This annual report provides an important opportunity to reflect on the contribution, achievements, financial wellbeing and overall success of the Club over the past year. We benchmark our performance against the major players in our industry and at all levels we are amongst the best performers in our industry. We can all be proud of what we have achieved again and be assured that we are well placed to continue to perform well into the future.

We can feel very proud of what we have achieved, and we need to be highly grateful for all the contributions of the business partnerships we have established and thankful for the strong patronage we enjoy. The board members thank you for the continuing honour to proudly serve as your board



B A Cloney
President

Community Support

The following groups benefited from the Club

Advance Diversity Services
Aftercare NSW
Alfords Point Ladies Golf Club
Alfords Point Social Golf Club
Aquinas Catholic College
Aquinas Colts JRLC
Asian Women at Work
Australia Kookaburra Kids Foundation
Autism Spectrum Australia
Bangor Barden Ridge Cricket Club
Bangor Primary School
Bangor Football Club
Bangor Physie
Bangor Tigers JAFC
Bankstown YMCA
Barden Ridgebacks Netball Club
Barden Ridgebacks Football Club
Baptist Care
Bethany College
Beverly Hills Eagles Cricket & Sports
Beverly Hills Public School
Benevolent Society
Bonnett Bay Public School
Bridge for Asylum Seekers Foundation
Brighton Seagulls Junior Rugby League
Cairnsfoot School
Calvary Health Care
CanRevive Inc.
Caringbah YMCA
Care4Kids Sutherland Shire
Cancer Council NSW
Cancer Care Centre Building Fund
Cancer Patients Foundation
Catholic Education Foundation
Cerebral Palsy Alliance
Chinese Parents Association
Chinese Australian Services Society
Comets Baseball Club
Connells Point Before & After School Care
Connells Point Netball Club
Connells Point Rovers Football Club
Cure Brain Cancer Foundation
Dandelion Support Network
Enough is Enough Anti Violence
Epilepsy Association
Flames Netball Club
FADISS Ltd
Georges River Life Care
Georges River Council
Georges River Physical Culture
Georges River College - Oatley
Glory Soccer Club
Holy Family Primary School
Holy Family Choir
Hospital Art Australia Ltd
Hurstville Grove Infants School
Hurstville South Public School
Hurstville Toastmasters Club
Hurstville United Junior Rugby League
Hurstville Weekend Toastmasters
Illawong Baseball Club
Illawong Menai Cricket Club
Illawong Little Athletics
Illawong Senior Athletics
Illawong Menai Cricket Club
Illawong Public School
John Franklin Christmas Luncheon
Jobsupport
Jenko Sutherland Shire Pony Club
Jubilee Community Services Inc.
Kingsgrove Community Aid Centre
Kareela Golf Club
Koori Kids
Kyle Bay Netball Club
Learning Links
Leukaemia Foundation of Australia
Life Education NSW
Lucas Heights Community School
Lugarno Evening View Club
Lugarno Lions
Make A Wish Australia
Marist College Kogarah
Menai Dance Centre
Menai Dragons Basketball Club
Menai Hawks Football Club
Menai Hawks Netball Club
Menai High School
Menai Primary School
Menai Illawong Physical Culture Club
Menai Roosters JRLFC
Menai Rugby Union Club
Menai & Sutherland Districts Bus. Chamber
Menai Touch Association
Menai Toastmasters
Minerva School
Menai Swim Club
Moving Forward DFV
MTC Australia
Multicultural NSW South Sydney RAD
My Choice Matters
National Disability
Nurses on Wheels
Orana NSW
Our Lady Star of the Sea School
Parkinsons Support Network
Penshurst West Youth Club
Polio NSW Inc.
Probus Club of Oyster Bay
Project Youth
Prosper
Ray White Real Estate
Red Cross St George Branch
Red Nose & Stillbirth Foundation
Recreation, Sports & Aquatic Club
Resourceful Australian Indian Network
ROAD Awareness Program
Rotary Club of Sutherland
Rotary Club of St George Next Gen
St Catherine Labourne Parish
St Declan's Parish
St George Baseball Association
St George Cancer Care Centre
St George Business Chamber
St George Community Housing
St George Creative Arts Centre
St George Football Association
St George Referee Association
St George Sutherland Medical Fd.
St George Youth Services Inc.
St John Bosco School
St Joseph's Primary School
St Luke's Catholic School
St Mary's Star of the Sea
St Raphaels' Catholic Primary School
St Patrick's Kogarah
St Therese Primary School
St Thomas More Catholic Church
St Vincent de Paul Society
SHINE for Kids
Southern Sydney Early Holden Car Club
Southern Sydney Multiple Birth Association
Southern Strength Agile Manufacturing
Starlight Children's Foundation
Sutherland Shire Art Society
Sutherland Shire City Council
Sutherland Shire Heritage Festival
Sutherland Shire & Menai Oztg Association
Sunny Haven Disability Services
Sydney Children's Hospital
Sylvanvale Foundation
The John Berne School
The Kogarah Storehouse
The Northcott Society
The Point Physical Culture Club
The Salvation Army
3Bridges Community Services
Vision Australia
Way Ahead Mental Health Association
Wesley Community Services Ltd.
Wibroc Social Golf Club
Woronora River Public School
Woniara Road School
Zonta Club of Botany Bay

Directors' Report

For the year ended 30 June 2017

The directors present their report together with the financial statements of Illawarra Catholic Club Limited (the Company) for the financial year ended 30 June 2017 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications	Experience	Special responsibility
CLONEY, Brian Anthony	Director since July 2005. Company Director, B&L Cloney Pty Ltd, General Manager and Management Consulting background. Member of the Company since 1997. Chairman of the Company's Membership Committee. Appointed Vice President on 19 November 2009, and president on 26 May 2016. Life member of the Company.	President
ROBERTS, Brian Thomas	Director since July 2005. Edmund Rice Education Australia (EREA) Director of Regional Support - Eastern Region and member of the EREA National Leadership Team. Member of the Company since 1981. Member of the Company's Finance Committee since July 2005. Appointed Vice President 26 May 2016, Life member of the Company.	Vice President
BRISCOE, Alfred John Retired CPA	Retired Accountant, Ausgrid. Treasurer and Life Member of the Company's Junior Youth Cricket Club. Member of the Company since 1986. Director of the Company since 1994. Chairman of the Company's Finance Committee since 2005. Member of the Company's Audit Committee. Life Member of the Company.	Director
COOGAN, Sandra Mary	Director since November 2007. Member of the Company's Membership Committee. Worked in the travel industry for over 40 years. Heavily involved in the local Irish and Catholic Communities. Member of the Company since 1970.	Director
STANTON, Phillip John	Employed in the Finance Industry for over 30 years. Association with the Company's Cricket Club since commencement in 1968. Member of the Company since 1977 and Director since November 2008. Member of the Company's Finance Committee since December 2008. Member of the Company's Audit Committee.	Director
SIMPSON, Steven John	Director since November 2003. Workplace, Health and Safety Manager with the Catholic Education office. Professional background in engineering. Mayor Sutherland Shire Council 2013-2014, Deputy Mayor 1995/96, 2004/05. Councilor since 1995. Previous Director of the Southern Sydney Waste Board 1996 to 1999. Member of the Company since 1997. Member of the Company's Finance Committee. Life member of the Company.	Director
GREENE, Kevin Patrick	Director since 2016, Member of Finance and Membership committees, Director from 1989 to 2007, Vice President and Chair of Finance 1991 -2005, President 2005-2007. Member of the Company since 1976. Former Teacher and School Principal, Member of Parliament 1999 - 2011 and Cabinet Minister 2007 - 2011. Director Racing NSW and Cricket NSW, President and Life Member St George DCC, Patron and Life Member ICC Cricket Club and St George DCA, Life Member ATC. Life Member of the Company.	Director

Directors' Report (continued)

For the year ended 30 June 2017

2. Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Regular Board Meetings	Audit Committee Meetings	Membership Committee Meetings	Finance Committee Meetings	Special Board Meetings
	A/B	A/B	A/B	A/B	A/B
A J Briscoe	10/12	3/3	-	10/12	1/1
B A Cloney	12/12	2/3	3/10	(12)	1/1
S M Coogan	11/12	-	10/10	(12)	1/1
K P Greene	11/11	-	8/10	11/11	1/1
B T Roberts	10/12	-	-	10/12	1/1
S J Simpson	10/12	-	-	10/12	-
P J Stanton	12/12	3/3	(1)	12/12	1/1

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

All directors are welcome to attend Finance Committee meetings and quite often do so, even though they may not be assigned to that Committee - attendance denoted by ().

3. Principal activities, objectives and strategies

The principal activities of the Company during the course of the financial year were the conduct and promotion of a licensed social club for members of the Company.

There were no significant changes in the nature of the activities of the Company during the year.

The Company's short term objective is to protect and guard the catchment areas in which the Company is established, in terms of its core business, giving consideration to amalgamations, while updating and upgrading the Company's facilities to maintain and grow membership and to increase commercial property holdings where viable, as an alternate means of revenue. The Company's long term objective is to provide first class social facilities and amenities for the benefit of members and their guests primarily within the St George and Menai districts.

In order to ensure long term objectives are met, the Company will continue to evaluate and action its medium and long term investment and diversification strategies together with continually aligning member facilities with its identified communities.

Following a period of strong growth the Company's short term objectives include consolidating and refining operations at Hurstville and Menai, identifying new opportunities for existing assets and further improvements to the Company's donations policies

4. Review of performance

The profit after tax of the Company for the year ended 30 June 2017 was \$14,711,628 (2016: \$14,747,249), after charging \$5,113,953 (2016: \$4,619,677) for depreciation and \$1,312,855 (2016: \$1,100,904) for income tax expense.

Company's performance is constantly measured against internally set KPI's in core business activities being beverage, gaming and commercial rental portfolio.

Additionally, industry benchmarks are used when setting internal KPI's as well as monitoring industry trends

Directors' Report (continued)

For the year ended 30 June 2017

5. Membership

The Company is incorporated and domiciled in Australia as a public company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$10 per member in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter. The number of members as at 30 June 2017 and the comparison with the prior year is as follows:

Number of members	2017	2016
General	3,784	3,895
Social	47,922	45,841
Life	21	24
Corporate	55	37
	<u>51,782</u>	<u>49,797</u>

As at 30 June 2017, the total amount that members of the Company are liable to contribute if the Company is wound up is \$517,820 (2016: \$497,970).

6. Events subsequent to reporting date

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

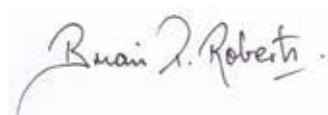
7. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended 30 June 2017.

This report is made in accordance with a resolution of the directors



B A Cloney
Director/President



B T Roberts
Director

Dated at Hurstville this 24 day of August 2017.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Illawarra Catholic Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017, 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.

KPMG

A handwritten signature in blue ink, appearing to read 'Cameron Roan', with a stylized flourish at the end.

Cameron Roan

Partner

Sydney

24 August 2017

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

In AUD

	Note	2017	2016
Revenue	4	48,198,540	48,892,948
Other income			
Changes in inventories of finished goods		(97,271)	51,212
Raw materials and consumables used		(906,782)	(1,021,041)
Donations		(998,479)	(1,733,992)
Directors' expenses		(69,874)	(69,287)
Personnel expenses	5	(9,126,544)	(8,723,320)
Entertainment, marketing and promotional expenses		(2,709,841)	(2,579,929)
Legal and consultancy fees		(85,403)	(82,556)
Poker machine compliance costs		(10,362,303)	(10,797,304)
Property expenses		(3,079,572)	(3,220,549)
Net gain/(loss) on disposal of property, plant and equipment		(85,973)	3,202
Other expenses		(716,741)	(1,008,677)
Profit before depreciation, impairment and finance costs		19,959,757	19,710,707
Depreciation		(5,113,953)	(4,619,677)
Results from operating activities		14,845,804	15,091,030
Finance income		1,423,383	1,181,509
Finance costs		(244,704)	(424,386)
Net finance income	6	1,178,679	757,123
Profit before income tax		16,024,483	15,848,153
Income tax expense	7	(1,312,855)	(1,100,904)
Profit for the year		14,711,628	14,747,249
Other comprehensive income		-	-
Total comprehensive income for the year		14,711,628	14,747,249

The notes on pages 22 to 35 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2017

In AUD

	Note	2017	2016
Assets			
Cash and cash equivalents	8	5,119,468	15,980,353
Trade and other receivables	9	859,955	179,523
Inventories	10	112,906	210,177
Other investments	11	54,424,197	30,024,197
Prepayments		578,815	643,954
Total current assets		61,095,341	47,038,204
Investment property	12	8,487,598	8,528,321
Deferred tax assets	13	106,803	114,284
Property, plant and equipment	14	80,430,695	81,783,941
Intangible assets	15	3,935,911	3,935,911
Total non-current assets		92,961,007	94,362,457
Total assets		154,056,348	141,400,661
Liabilities			
Trade and other payables	16	2,362,632	2,555,193
Interest-bearing loans and borrowings	17	2,302,758	1,816,973
Employee benefits	18	1,345,915	1,140,154
Current tax payable		449,810	194,712
Provisions	19	224,369	166,769
Income received in advance		380,509	382,481
Total current liabilities		7,065,993	6,256,282
Interest-bearing loans and borrowings	17	-	2,920,000
Employee benefits	18	244,599	212,620
Income received in advance		118,219	95,850
Total non-current liabilities		362,818	3,228,470
Total liabilities		7,428,811	9,484,752
Net assets		146,627,537	131,915,909
Members' funds			
General funds		146,627,537	131,915,909
Total members' funds		146,627,537	131,915,909

The notes on pages 22 to 35 are an integral part of these financial statements.

Statement of Changes in Members' Funds

For the year ended 30 June 2017

In AUD

	General funds	Total members' funds
Balance at 1 July 2015	117,168,660	117,168,660
Total comprehensive income for the year		
Profit for the year	14,747,249	14,747,249
Other comprehensive income	-	-
Total comprehensive income for the year	<u>14,747,249</u>	<u>14,747,249</u>
Balance at 30 June 2016	<u>131,915,909</u>	<u>131,915,909</u>
Balance at 1 July 2016	131,915,909	131,915,909
Total comprehensive income for the year		
Profit for the year	14,711,628	14,711,628
Other comprehensive income	-	-
Total comprehensive income for the year	<u>14,711,628</u>	<u>14,711,628</u>
Balance at 30 June 2017	<u>146,627,537</u>	<u>146,627,537</u>

The notes on pages 22 to 35 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

In AUD

	Note	2017	2016
Cash flows from operating activities			
Cash receipts from customers		52,358,359	53,988,602
Cash paid to suppliers and employees		(32,707,474)	(33,842,884)
Cash generated from operating activities		19,650,885	20,145,718
Finance costs paid		(244,704)	(424,386)
Income tax paid		(1,050,277)	(1,161,571)
Net cash from operating activities		18,355,904	18,559,761
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		198,027	301,390
Acquisition of property, plant and equipment		(4,003,984)	(12,324,023)
Proceeds/(Acquisition) of other investments		(24,400,000)	400,000
Acquisition of intangible assets		-	(441,807)
Interest received		1,423,383	1,181,509
Additions of investment property		-	(8,230)
Net cash used in investing activities		(26,782,574)	(10,891,161)
Cash flows from financing activities			
Repayment of borrowings		(2,434,215)	(2,433,308)
Net cash used in financing activities		(2,434,215)	(2,433,308)
Net increase in cash and cash equivalents		(10,860,885)	5,235,292
Cash and cash equivalents at beginning of year		15,980,353	10,745,061
Cash and cash equivalents at end of year	8	5,119,468	15,980,353

The notes on pages 22 to 35 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Reporting entity

Illawarra Catholic Club Limited (the Company) is a company domiciled in Australia as a public company limited by guarantee. The address of the Company's registered office is 2 Crofts Avenue, Hurstville, NSW 2220. The financial statements are as at and for the year ended 30 June 2017.

The Company is primarily involved in the conduct and promotion of a licensed social club for members.

2. Basis of preparation

a. Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. A Company is publicly accountable if its debt or equity is traded in a public market or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001 and the Registered Clubs Amendment Act 2006. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 24 August 2017.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

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

d. Use of estimates and judgements

The preparation of the financial statements 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 estimates are revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

e. New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. None of these are expected to have a significant impact on the financial statement of the company.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AAB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating lease or finance lease - for the lessee- effectively treating all lease as finance leases. Short-term leases and leases of low value assets are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

2. Basis of preparation (continued)

e. New accounting standards for application in future periods (continued)

front-loaded pattern of expenses for most lease, even when they pay constant rentals. AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16

3. Significant accounting policies

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

a. Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company 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 Company 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 Company has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company classified non-derivative financial liabilities into the other financial liabilities category. 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 method.

Other financial liabilities comprise interest bearing loans and borrowings and trade and other payables.

b. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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, 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

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

3. Significant accounting policies (continued)

b. Property, plant and equipment (continued)

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 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 Company, 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.

(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. Land is not depreciated.

The depreciation rates for the current and comparative years are as follows:

- freehold land and buildings 2.5% - 10%
- plant and equipment 10% - 40%

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

c. Intangible assets

Poker machine entitlements

Poker machine entitlements that are acquired by the Company, which have infinite useful lives, are measured at cost less accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Poker machine entitlements have indefinite useful lives as they have no expiry date. Accordingly, such intangible assets are not amortised but are systematically tested for impairment at each reporting date.

d. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of each component of investment property.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequent cost is recognised in the carrying amount of the investment property.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-

Notes to the Financial Statements (continued)

For the year ended 30 June 2016

3. Significant accounting policies (continued)

e. Inventories (continued)

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.

f. Impairment

(i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is 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 Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or economic conditions that correlate with defaults.

The Company 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. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Company 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 loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) 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 Company's non-financial assets, other than inventories and deferred tax assets, 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. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. 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 groups of assets the "cash-generating unit" or "CGU".

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

3. Significant accounting policies (continued)

g. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

h. Employee benefits

(i) Defined contribution plans

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 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 Company'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; 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 Company'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 Company 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 estimated reliably.

i. Provisions

A provision is recognised if, as a result of a past event, the Company 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. The unwinding of the discount is recognised as finance cost.

Link jackpots

The provision for gaming links relates mainly to the amounts payable in the event of players winning the jackpot on the poker machine as at 30 June 2017. The provision is based on the jackpot output on poker machines.

j. 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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered comprises revenue from gaming facilities together with other services to members and patrons of the Company. 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) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

3. Significant accounting policies (continued)

k. 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.

l. 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 and bank charges.

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.

m. Income tax

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

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

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 on income derived from non-members and from outside entities.

4. Revenue

In AUD

	2017	2016
Sale of goods - beverage and snacks	3,281,989	3,135,956
Rendering of services	41,055,417	42,378,295
Investment property rentals	3,861,134	3,378,697
	<u>48,198,540</u>	<u>48,892,948</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

5. Personal expenses

In AUD

	2017	2016
Wages and salaries	6,866,804	6,606,047
Contributions to defined contribution plans	716,939	721,813
Payroll tax	403,967	401,844
Workers compensation insurance	123,788	109,041
Other employment expenses	1,015,046	884,575
	<u>9,126,544</u>	<u>8,723,320</u>

6. Finance income and finance costs

In AUD

	2017	2016
Interest income on held-to-maturity and other deposits	1,423,383	1,181,509
Finance income	<u>1,423,383</u>	<u>1,181,509</u>
Interest expense on bank loans	(244,704)	(424,386)
Finance costs	<u>(244,704)</u>	<u>(424,386)</u>
Net finance income/(costs)	<u>1,178,679</u>	<u>757,123</u>

7. Income tax expense

In AUD

	2017	2016
Current tax expense		
Current year	(1,365,160)	(1,100,643)
Adjustment for prior year over provision	44,824	3,524
	<u>(1,320,336)</u>	<u>(1,097,119)</u>
Deferred tax expense		
Change in temporary differences	7,481	(3,785)
	<u>7,481</u>	<u>(3,785)</u>
Total income tax expense	<u>(1,312,855)</u>	<u>(1,100,904)</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

7. Income tax expense (continued)

Numerical reconciliation between tax expense and pre-tax accounting profit

In AUD

	2017	2016
Proportion of income attributable to non-members	6,007,434	7,263,749
Less: Proportion of expenses attributable to non-members	4,115,083	(4,839,841)
	1,892,351	2,423,908
Add: Other taxable income	5,596,015	4,992,595
	7,416,503	7,667,114
Less: Other deductible	(2,937,833)	(3,747,694)
Net income subject to income tax	4,550,533	3,668,809
Income tax using the Company's statutory income tax rate of 30% (2016: 30%)	1,365,160	1,100,643
Change in temporary differences	(7,481)	3,785
(Over)/under provided in prior years	(44,824)	(3,524)
	1,312,855	1,100,904

8. Cash and cash equivalents

In AUD

	2017	2018
Cash on hand	1,919,857	1,919,499
Bank balances	1,193,509	1,018,700
Short-term deposits	2,006,102	13,042,154
	5,119,468	15,980,353

9. Trade and other receivables

In AUD

	2017	2016
Current		
Trade receivables	46,291	33,864
Other receivables	813,664	145,659
	859,955	179,523

The Company's has not recognised any impairment losses with respect to financial assets in the year ended 30 June 2017 (2016: Nil).

10. Inventories

In AUD

	2017	2016
Bar stock	97,962	103,623
Other stock	14,944	106,554
	112,906	210,177

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

11. Other investments

In AUD

	2017	2016
Current investments		
Term deposits	54,424,197	30,024,197
	<u>54,424,197</u>	<u>30,024,197</u>

Details of income from held to maturity investments have been disclosed in note 6.

12. Investment property

Investment properties comprise a number of commercial properties that were leased to third parties.

In AUD

	2017	2016
Balance at 1 July	8,528,321	8,559,701
Additions	-	8,230
Disposals	-	-
Depreciation charge for the year	(40,723)	(39,610)
Balance at 30 June	<u>8,487,598</u>	<u>8,528,321</u>

Security

At 30 June 2017, investment properties with a carrying amount of \$8,487,598 (2016: \$8,528,321) are subject to a registered mortgage to secure the finance facilities of the Company.

Valuation

The latest independent valuations of the Club's investment property were carried out as at 30 June 2015 by Andrew Nock Pty Limited (Registered Valuer No. 2144). The open market value for these properties were valued at \$9,920,000. As investment properties are recorded at cost, the valuation has not been brought to account.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets have been recognised in respect of the following items:

In AUD

	2017	2016
Provisions	48,495	53,409
Employee benefits	58,308	60,875
	<u>106,803</u>	<u>114,284</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

14. Property, plant and equipment

In AUD

	Freehold land	Buildings	Plant & equipment	Capital WIP	Total
Cost					
Balance at 1 July 2016	4,599,883	72,588,617	35,597,772	610,004	113,396,276
Additions	-	18,703	2,767,396	1,217,885	4,003,984
Disposals	-	(16,620)	(480,711)	-	(497,331)
Transfers	-	767,399	25,000	(792,399)	-
Balance at 30 June 2017	4,599,883	73,358,099	37,909,457	1,035,490	116,902,929
Depreciation and impairment losses					
Balance at 1 July 2016	-	12,854,047	18,758,288	-	31,612,335
Disposals	-	(8,310)	(205,021)	-	(213,331)
Depreciation for the year	-	1,825,273	3,247,957	-	5,073,230
Balance at 30 June 2017	-	14,671,010	21,801,224	-	36,472,234
Carrying amounts					
At 30 June 2016	4,599,883	59,734,570	16,839,484	610,004	81,783,941
At 30 June 2017	4,599,883	58,687,089	16,108,233	1,035,490	80,430,695

Security

At 30 June 2017 freehold land and buildings with a carrying amount of \$63,286,972 (2016: \$64,334,453) are subject to a registered mortgage to secure the financial liabilities of the Company.

Valuation

The independent valuations of the Company's freehold land and buildings at 30 June 2015, on the basis of open market value for existing use, resulted in a valuation of land and buildings of \$97,200,000. As land and buildings are recorded at cost, the valuation has not been brought to account.

Core and non-core properties

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Company defines property core and non-core.

The core property of the Company shall comprise the defined premises of the Club as approved from time to time by the Licensing Court of New South Wales or the Liquor Administration Board and endorsed on the Club's Certificate of Registration and the holiday accommodation units held under Deed of Licence with the Federation of Community, Sporting and Workers Clubs inc. All other properties held are considered non-core.

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

15. Intangible assets

In AUD

	2017	2016
Poker machine entitlements		
Cost		
Balance at 1 July	4,081,487	3,591,880
Additions	-	441,807
Transfer from Property, plant and equipment	-	47,800
Balance at 30 June	4,081,487	4,081,487
Impairment losses		
Balance at 1 July	145,576	145,576
Balance at 30 June	145,576	145,576
Carrying amounts	3,935,911	3,935,911

Poker machine entitlements are stated at cost less accumulated impairment losses. Poker machine entitlements have an indefinite useful life given they have no expiry date, and accordingly are not amortised but are to be assessed annually for impairment.

As at 30 June 2017, the Company estimated the value in use amount exceeds the carrying amount of poker machine entitlements. In assessing value in use, the estimated future cash flows were calculated for a period of 5 years, and a pre-tax discount rate of 8% and a growth rate of 5% were applied in the calculation.

16. Trade and other payables

In AUD

	2017	2016
Current		
Trade payables	823,378	1,129,350
Non-trade payables and accrued expenses	1,253,848	1,187,432
Goods and services tax payables	285,406	238,411
	2,362,632	2,555,193

17. Interest-bearing loans and borrowings

In AUD

	2017	2016
Current liabilities		
Commercial bills	2,302,758	1,816,973
	2,302,758	1,816,973
Non-current liabilities		
Commercial bills	-	2,920,000
	-	2,920,000

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

17. Interest-bearing loans and borrowings (continued)

The Company has access to the following lines of credit:

Contingent liabilities	200,000	200,000
Bill acceptance facility	2,300,000	4,750,000
	<u>2,500,000</u>	<u>4,950,000</u>
Facilities utilised at reporting date		
Contingent liabilities	120,000	120,000
Bill acceptance facility	2,300,000	4,750,000
	<u>2,420,000</u>	<u>4,870,000</u>
Facilities not utilised at reporting date		
Contingent liabilities	80,000	80,000
Bill acceptance facility	-	-
	<u>80,000</u>	<u>80,000</u>

Classification of Commercial Bills

The facility is subject to annual review and under the facility agreement, the bank retains the right to vary the terms or discontinue the facility as a result of such review.

Security

The bill acceptance facility is secured by the Company's assets and registered first mortgages over the properties of the Company.

18. Employee benefits

In AUD

	2017	2016
Current		
Liability for annual leave	727,311	626,297
Liability for sick leave	60,000	60,000
Liability for long service leave	558,604	453,857
	<u>1,345,915</u>	<u>1,140,154</u>
Non-current		
Liability for long service leave	244,599	212,620
	<u>244,599</u>	<u>212,620</u>

19. Provisions

In AUD

	Link Jackpots
Balance at 1 July 2016	166,769
Provisions made during the year	57,600
Balance at 30 June 2017	<u>224,369</u>
Current	224,369
Non-current	-
	<u>224,369</u>

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

19. Provisions (continued)

Link jackpots

The provisions for poker machine link jackpots represents the Company's estimated present obligation to members and visitors in respect of poker machine link payouts. The provisions are expected to be realised within 12 months of reporting date.

20. Members' funds

The Illawarra Catholic Club Limited is incorporated and domiciled in Australia as a public company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$10 per member in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter. At 30 June 2017 there were 51,782 (2016: 49,797 members). The total amount that members of the Company are liable to contribute if the Company is wound up is \$517,820 (2016: \$497,970).

21. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In AUD

	2017	2016
Less than one year	-	2,106
Between one and five years	-	-
	-	2,106

Leases as lessor

The Company leases out its investment property held under operating leases (see note 12). The future expected lease payments under non-cancellable leases are as follows:

In AUD

	2017	2016
Less than one year	3,965,348	3,643,787
Between one and five years	8,055,721	8,072,108
More than five years	2,323,737	2,589,332
	14,344,806	14,305,227

22. Contingencies

Contingent liabilities considered remote

The directors are of the opinion that provisions are not required in respect of those matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In AUD

	2017	2016
Bank guarantees		
Auto-pay facility	120,000	120,000
	120,000	120,000

Notes to the Financial Statements (continued)

For the year ended 30 June 2017

23. Related parties

Transactions with key management personnel

Directors received honorariums from the Company during the year totalling \$37,226 (2016: \$37,250).

Key management personnel compensation

The key management personnel compensation comprised:

In AUD

	2017	2016
Short-term employee benefits	1,067,193	981,913
Other long-term benefits	89,858	79,588
	<u>1,157,051</u>	<u>1,061,501</u>

Other key management personnel compensation

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

Apart from the details disclosed above in this note, no other director has entered into a material contract with the Company during the year or since the end of the previous financial year and there were no material contracts involving other directors' interests existing at year-end.

24. Subsequent events

There have been no events subsequent to the reporting date which would have a material effect on the Company's financial statements at 30 June 2017.

Directors' Declaration

1. In the opinion of the directors of Illawarra Catholic Club Limited (the Company):
 - (a) the financial statements and notes, set out on pages 22 to 35, are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable..

Signed in accordance with a resolution of directors.



B A Cloney
Director / President



B T Roberts
Director

Dated at Hurstville this 24 day of August 2017.



Independent Audit Report

To the Members of Illawarra Catholic Club Limited

Opinion

We have audited the **Financial Report** of Illawarra Catholic Club Limited (the company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduce Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2017
- *Statement of profit loss and other comprehensive income, Statement of change in equity, and statement of cash flows* for that 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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Illawarra Catholic Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Independent Audit Report To the Members of Illawarra Catholic Club Limited (continued)

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with the *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations ACT 2001*.
- 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. 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_files/ar3.pdf. This description forms part of our Auditor's Report.

KPMG



Cameron Roan

Partner

Sydney

25th August 2017

Management



**GROUP FINANCE &
ADMINISTRATION
MANAGER**
Tim Hilder



**GROUP OPERATIONS
MANAGER**
Chris White



**GROUP MARKETING
& ENTERTAINMENT
MANAGER**
Chantelle Chapman



**GROUP WORKFORCE
MANAGER**
Ben Williamson



**OPERATIONS
MANAGER (Hurstville)**
John Head



**OPERATIONS
MANAGER (Menai)**
Nicole Hendley



**TRAINING &
ADMINISTRATION
MANAGER**
Olivia Kranjec



**DUTY MANAGER
(Hurstville)**
Louise Kinnane



**DUTY MANAGER
(Hurstville)**
Jackson Corry



**DUTY MANAGER
(Hurstville)**
Nathan Jenkins



**DUTY MANAGER
(Hurstville)**
Vincent Lee



**SENIOR DUTY MANAGER
(Menai)**
Skevos Poniris



**DUTY MANAGER
(Menai)**
David Supple



**DUTY MANAGER
(Menai)**
Hannah Berry



2 Crofts Avenue
 Hurstville NSW 2220
 Phone: 9570 3355
www.clubcentral.org.au



44-60 Allison Crescent
 Menai NSW 2234
 Phone: 9532 1800
www.clubcentral.org.au