

EAGLES CLUB INC.



2019 FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLES CLUB INC

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Eagles Club, which comprises the statement of financial position as at 31 October 2019, the statement of profit or loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board.

In our opinion, the financial report gives a true and fair view of the financial position of Eagles Club as of 31 October 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting policies described in Note 1 to the financial statements and the *Associations Incorporation Act (SA) 1985*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to members for the purpose of fulfilling the Board's financial reporting obligations under the *Associations Incorporation Act (SA) 1985*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

BENTLEYS SA AUDIT PARTNERSHIP

DAVID FRANCIS
PARTNER

Dated at Adelaide this 20th day of December 2019.

Statement by Members of the Board

The directors of the board are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Act 1985 (SA) and is appropriate to meet the needs of the members.

The board's responsibility also includes such internal controls as the board members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

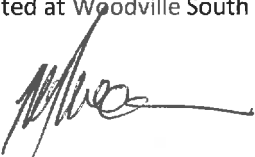
At the date of this statement, there are reasonable grounds to believe that the Eagles Club Trust will be able to pay its debts as and when they fall due.

Since the end of the previous financial year, no officer or firm in which an officer is a member and no body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit either directly or indirectly from the Eagles Club Inc. as a result of a contract between the officer, firm, or body corporate and the Eagles Club Inc.

Since the end of the previous financial year, no officer of the Eagles Club Trust has received directly or indirectly from the Club any payment or other benefit of pecuniary value.

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

Dated at Woodville South this 20th day of December 2019.



K Slaven (President/Chairman)



C S Williams (Director)

EAGLES CLUB INC. FINANCIAL REPORT 2019

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019**

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents:			
	2	68,015	60,378
	2	279,482	193,864
Receivables		<u>347,497</u>	<u>254,242</u>
		6,463	13,596
		<u>6,463</u>	<u>13,596</u>
Inventories on Hand			
		43,308	51,216
Other Current Assets			
		13,456	26,579
		412,724	345,633
NON CURRENT ASSETS			
Plant and Equipment			
		2,063,511	2,011,269
		-1,583,846	-1,533,784
Total Plant and Equipment	3	<u>479,665</u>	<u>477,485</u>
Intangible Asset			
		455,000	510,000
Total Intangible Asset	4	<u>455,000</u>	<u>510,000</u>
		934,665	987,485
		1,347,389	1,333,118
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Payables			
		119,792	106,016
		135,797	115,395
		122,173	123,590
		2,182	2,841
		(8,879)	285,192
		<u>371,065</u>	<u>633,034</u>
Employee Provisions	5	49,823	64,755
		91,792	74,245
		88,702	77,021
		<u>180,494</u>	<u>151,266</u>
		601,382	849,055
NON CURRENT LIABILITIES			
	5	28,757	46,722
		<u>28,757</u>	<u>46,722</u>
		630,139	895,777
NET ASSETS			
EQUITY			
		-72,661	-284,866
	4	455,000	510,000
		334,911	212,207
		<u>717,250</u>	<u>437,341</u>

The accompanying notes form part of these financial statements.

EAGLES CLUB INC. FINANCIAL REPORT 2019

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST OCTOBER 2019**

	Note	2019 \$	2018 \$
REVENUE			
Sales Revenue			
<u>Provision of Services</u>			
Gaming		2,964,878	2,734,544
Raffles, Lotteries and Bingo		44,778	39,625
		<u>3,009,656</u>	<u>2,774,169</u>
<u>Sale of Goods</u>			
Bar, Bistro, Canteen and Functions		1,365,564	1,415,505
Total Sales Revenue		4,375,220	4,189,674
Total Other Revenue		60,535	60,571
TOTAL REVENUE		<u>4,435,755</u>	<u>4,250,245</u>
OTHER INCOME			
Gain on Sale of Plant and Equipment		0	227
TOTAL OTHER INCOME		<u>0</u>	<u>227</u>
TOTAL REVENUE AND OTHER INCOME		<u>4,435,755</u>	<u>4,250,472</u>
EXPENDITURE			
Salaries and Payroll Related Costs		1,120,331	1,135,168
Bars, Bistro and Canteen Cost of Sales		484,020	508,603
Functions Costs		0	85
Gaming Costs		1,128,751	1,009,193
Audit Fees	9	8,000	8,350
Loss on Sale of Plant and Equipment		6,846	4,279
Depreciation		100,948	100,651
Borrowing Costs		21,929	20,334
Rent to Third Party		236,849	235,994
Distribution to Woodville West Torrens Football Club Inc		300,000	300,000
Other Overheads		693,169	715,608
		<u>4,100,843</u>	<u>4,038,265</u>
TOTAL EXPENDITURE		<u>4,100,843</u>	<u>4,038,265</u>
NET CURRENT YEAR (DEFICIT) SURPLUS		<u>334,911</u>	<u>212,207</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised loss on valuation of gaming entitlements		- 55,000	-172,540
Total Other Comprehensive Income for the Year		-55,000	-172,540
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>279,923</u>	<u>39,667</u>
NET CURRENT YEAR (DEFICIT) SURPLUS ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>334,911</u>	<u>212,207</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>279,923</u>	<u>39,667</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Note	Retained Surplus	Intangible Asset Revaluation Reserve	Total
		\$	\$	\$
Balance at 1 November 2017		-284,866	682,540	397,674
Comprehensive Income				
Net Deficit for the year		212,207	0	212,207
Other Comprehensive Income for the year	4	0	-172,540	-172,540
Total comprehensive income attributable to members of the entity		212,207	-172,540	39,667
Balance at 31 October 2018		-72,659	510,000	437,341
Balance at 1 November 2018		-72,659	510,000	437,341
Comprehensive Income				
Net Surplus for the year		334,911	0	334,911
Other comprehensive loss for the year	4	0	-55,000	-55,000
Total Comprehensive Income attributable to members of the entity		334,911	-55,000	279,911
Balance at 31 October 2019		262,252	455,000	717,252

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		4,442,229	4,456,910
Payments to Suppliers and Employees		-4,197,880	-4,318,956
Interest received		16	11
Net cash provided (used) by operating activities	10	244,365	137,965
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Plant and Equipment		6,846	-4,052
Purchase of Plant and Equipment		-109,973	-18,522
Net cash provided (used) by investing activities		-103,127	-22,574
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing Costs		-21,929	-20,187
Principal Repayment of Borrowings		-26,054	-49,576
Net cash provided (used) by financing activities		-47,985	-69,763
Net increase (decrease) in cash held		93,255	44,628
Cash and Cash Equivalents at beginning of financial year		254,242	208,614
Cash and Cash Equivalents at end of financial year	2	347,497	254,242

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 1: Summary of Significant Accounting Policies

The financial statements cover the Eagles Club Inc. as an individual entity. The financial statements were authorised for issue on 20th December 2019 by the Board of Directors.

Basis of Preparation

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (SA) 1985. The committee has determined that the association (the Club) is not a reporting entity.

No Australian Accounting Standards have mandatory applicability and Australian Accounting Interpretations are also not applicable. The Club has however adopted the recognition and measurement requirements of the Australian Accounting Standards unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

Adoption of new and revised Accounting Standards

The Association has adopted all standards which became effective for the first time at 31 October 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards. The Following table summarises those future requirements, and their impact on the Association where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 November 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the Statement of Financial Position. There are limited exceptions relating to short-term leases and low value assets which may remain off Balance Sheet. The calculation of the least liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The entity currently has an operating lease for \$3,228,588. We anticipate a lease liability to be brought to the Statement of Financial Position worth \$3,228,588, with a corresponding Right of Use (ROU) asset to be brought to the Statement of Financial Position to the same value.

Going Concern

The Eagles Club and the Woodville West Torrens Football Club made a combined operating surplus of \$247,455 for the year ended 31 October 2019. On this basis management considers that the use of the going concern basis in preparation of the accounts is appropriate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 1 Summary of Significant Accounting Policies (cont'd)

Accounting Policies

a. Income Tax

The Eagles Club Inc. is a sporting association and is exempt from Income Tax by virtue of section 50-45 of the Income Tax Assessment Act 1997.

b. Inventories on Hand

Inventories held for sale are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification base and include direct costs.

Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement as at the date of acquisition.

c. Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10%-40%.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Club, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 1 Summary of Significant Accounting Policies (cont'd)

e. Impairment of Assets

At the end of each reporting period, the Club assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

f. Employee Provisions

Provision is made for the Club's liability for annual and long service leave arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

g. Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at-call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members with amounts on account as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

i. Revenue and Other Income

Revenue from the rendering of a service or the sale of goods is recognised upon the delivery of the service or receipt of goods to the customer.

Interest revenue is recognised using the effective interest method which for floating rate financial assets is the rate inherent in the instrument.

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

j. Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 1 Summary of Significant Accounting Policies (cont'd)**l. Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Club during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. Provisions

Provisions are recognised when the Club has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Note 2 Cash and Cash Equivalents**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of Cash flows is reconciled to items in the statement of financial position as follows:

	2019	2018
	\$	\$
Cash on Hand	68,015	67,778
Cash at Bank	279,482	186,464
	<u>347,497</u>	<u>254,242</u>

Note 3 Plant and Equipment

Movements in the carrying amounts of each class of plant and equipment between the beginning and end of the current financial year:

	Owned Plant & Equipment	Leased Plant & Equipment	Total
	\$	\$	\$
Balance at 1 November 2017	350,324	166,590	516,914
Additions	18,522	62,980	81,502
WDV of Disposed Assets	-20,280	0	-20,280
Depreciation Expense	-73,776	-26,875	-100,651
Leased Plant & Equipment now owned	0	0	0
Balance at 31 October 2018	274,790	202,695	477,485
Additions	57,222	55,750	112,972
WDV of Disposed Assets	-9,844	0	-9,844
Depreciation Expense	-69,255	-31,693	-100,948
Leased Plant & Equipment now owned	0	0	0
Carrying Amount at 31 October 2019	<u>252,913</u>	<u>226,752</u>	<u>479,665</u>

Note 4 Intangible Assets – Gaming Entitlements

The Club has recognised gaming entitlements as an intangible asset. The gaming entitlements were purchased in 1994 at a nominal cost. However, under current legislation, Club's are able to use gaming entitlements as collateral when borrowing money from financial institutions for the purposes of purchasing new machines or new games. Given that Clubs can also trade gaming entitlements using the trade prices as set and published by Consumer and Business Services, the committee believes it prudent to revalue the gaming entitlements using the Vendor price as published by the Consumer and Business Services to revalue and recognise the entitlements as an intangible asset on the Balance Sheet. The Vendor price as at Trading round 17/2019 in June 2019 was \$11,375 (Trading Round 16/2018 in July 2018 was \$12,750). This resulted in a reduction in the Intangible Asset of \$55,000 for (\$172,540 for 2018) which has been debited to the Intangible Asset Revaluation Reserve.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 5 Lease Liabilities

	Note	2019 \$	2018 \$
Current		49,823	64,755
Non Current		28,757	46,722
Total Lease Liabilities	6	78,580	111,477

Note 6 Capital and Leasing Commitments

	Note	2019 \$	2018 \$
Finance Lease Commitments			
Minimum Lease payments payable:			
- Not later than 12 months		54,433	71,085
- Between 12 months and five years		30,156	49,293
Minimum lease payments		84,589	120,378
Less future finance charges		6,009	8,901
Present value of minimum lease payments	5	78,580	111,477

Lease liabilities are secured by the underlying leased assets.

The leases are for the gaming machines and are for a 3 year period at which time the leases will be completed. The payments are made on a monthly basis in advance.

Note 7 Related Party Transactions**a. Related Party**

The Woodville West Torrens Football Club, The Eagles Club Inc. and the Eagles Club Inc. operate in unison to provide a football team and licensed club facility to support football activities.

The Veneto Club own the premises at 722 Port Road, Beverley and the Eagles Club rent the property for the running of Seven 22.

b. Board of Directors

The Directors of the Club from 1 November 2018 to the date of this financial report were

Kurt Slaven (President/Chairman)	Christine Williams	David Couzner
Narelle Fletcher	Ash Bidhendi	D'Arcy Evans
Sean Connors		

c. Remuneration of Board Members

The Board members of the committee received no remuneration for their service.

	2019 \$	2018 \$
Related Party Transactions		
Rent paid to the Veneto club for rental of premises	236,849	235,994
Donation made to Woodville West Torrens Football Club	300,000	300,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2019

Note 8 Association Details

The registered office of the Club is:
Eagles Club Inc.
Oval Avenue
Woodville South SA 5011

The principal place of business of the Club is:
Seven 22
722 Port Road
Beverley SA 5009

Note 9 Auditors' Fees

	Note	2019 \$	2018 \$
Remuneration of the auditor of the Club for:			
Auditing the financial report		8,000	8,350
		<u>8,000</u>	<u>8,350</u>

Note 10 Reconciliation of Cash Flow

	Note	2019 \$	2018 \$
(a) Reconciliation of cash flow from Operating Activities with net Current year surplus (deficit)		334,911	212,207
Items classified as financing activities			
Borrowing Costs		21,929	20,817
Non-cash flow in current year surplus (deficit)			
Depreciation		100,948	100,651
Gain on disposal of Plant & Equipment		-6,846	-4,052
Changes in assets and liabilities:			
(Increase) Decrease in inventories on hand		5,908	-8,224
(Increase) Decrease in trade and other receivables		7,133	-3,346
(Increase) Decrease in Prepayments		13,123	-19,670
Increase (Decrease) in Trade and other payables		32,761	21,607
Increase (Decrease) in Employee Provisions		29,228	9,352
Increase (Decrease) in Revenue Received in Advance		-659	-2,362
Increase (Decrease) in Loan from Woodville West Torrens Club Inc		-294,071	-189,015
Net cash provided (used) by operating activities		<u>244,365</u>	<u>137,965</u>

(b) Non-cash financing and investing activities

During the financial year, the Club acquired plant and equipment with an aggregate fair value of \$55,750 (2018: \$62,980) by means of finance leases. These acquisitions are not reflected in the Statement of Cash Flows.

Note 11 Events after the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. No such events have occurred.