
Portugal Madeira Sydney Social & Cultural Sports Club Limited

ABN 16 106 879 440

Financial Statements
For the Year Ended 30 June 2019

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Directors' Report
For the Financial Year Ended 30 June 2019

The directors present their report, together with the financial report of Portugal Madeira Sydney Social & Cultural Sports Club Limited (the company) for the year ended 30 June 2019.

Directors

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

Name of Director	Commenced Position	Position
Jose Renato Faria Lira	Appointed 07/11/2016	Resigned 21/11/2018
Manuel Jacinto Da Silva	Appointed 07/11/2016	Resigned 21/11/2018
Jose Joao Fernandes Rosa	Appointed 01/07/2018	Current
Jose Ricardo Correia De Freitas Quintal	Appointed 01/07/2018	Current
Bruno Nobrega	Appointed 01/07/2018	Current
Jason Perestrelo	Appointed 01/12/2018	Current
Ed Pessego	Appointed 01/12/2018	Current
Elizabeth Estevens	Appointed 01/12/2018	Current

Directors' Meetings

The number of directors' meetings of the company's Board of Directors (the Board) that each director was eligible to attend and the number of meetings attended by each director was:

Name of Director	Meetings Held*	Meetings Attended
Jose Joao Fernandes Rosa	11	9
Jose Ricardo Correia De Freitas Quintal	11	11
Bruno Nobrega	11	11
Jason Perestrelo	11	10
Ed Pessego	11	9
Elizabeth Estevens	11	10

*Number of meetings held during the time the director held office during the year.

Company secretary

The following person held the position of company secretary at the end of the financial year:
Elizabeth Estevens – Appointed on 01/12/2018.

Principal activities during the year

During the year, the principal activities of the company consisted of operating as a licensed social and sporting club.

Changes in state of affairs

There have been no significant changes in the state of affairs of the company during the financial year.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Directors' Report
For the Financial Year Ended 30 June 2019

Operating result

The loss of the company for the financial year after providing for income tax amounted to \$294,433 (2018: \$909,736 profit). Taking into account the gain on sale of property last year, the comparative operating loss in 2018 would have been \$564,357 loss. When account movements in the revaluation of land and buildings are considered, the total comprehensive loss of the company for the financial year amounted to \$394,010 (2018: \$124,392 income).

Objectives

Short term objectives

- Provide well maintained amenities and facilities that meet the needs of members;
- Maintain financial viability; and
- Maintain a high level of customer service, and satisfaction.

Long term objectives

- To ensure the club has a strong financial future;
- To ensure the club is a desirable entertainment venue for members and guests; and
- To develop the club as a meeting place for social cohesion for members and guests.

Strategy for achieving the objectives

- Provide members with a diverse range of entertainment, activities and facilities;
- Continue to grow membership and maintain a strong financial position; and
- Promote the club as a meeting place for social cohesion by supporting local community organisations.

Performance measures

The club measures its activities using financial and non-financial key performance indicators using;

- Club membership growth;
- Benchmarking key performance indicators against other clubs; and
- Comparison of actual financial performance on a weekly basis and to prior year performance.

Events subsequent to balance sheet date

There are other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Future developments

The club will take advantage of improvement, amalgamation, and development opportunities that arise if they meet the club's objectives. The board will report the result of such operations to the members within the limits required to maintain commercial in confidence information that may be likely to result in unreasonable prejudice to the company.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Directors' Report
For the Financial Year Ended 30 June 2019

Liability of members

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2019, the total number of members was 888 (2018: 603). If the company is wound up, the members of the company would be liable to contribute \$88,800 (2018: \$60,300).

Proceedings on behalf of the company

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

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

Indemnification of officers and auditors

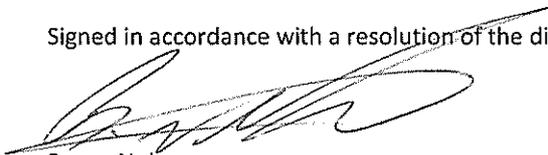
During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

A copy of the independence declaration as required under Section 307C of the *Corporations Act 2001* has been included.

Signed in accordance with a resolution of the directors:



Bruno Nobrega
President
28 August 2019
Marrickville, NSW



Jason Perestrelo
Treasurer
28 August 2019
Marrickville, NSW



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Portugal Madeira Sydney Social & Cultural Sports Club Limited
Auditor's Independence Declaration to the Directors of Portugal Madeira Sydney Social & Cultural Sports Club Limited
For the Financial Year Ended 30 June 2019

In accordance with the requirements of the *Corporations Act 2001*, I declare that, to the best of my knowledge and belief, there have been:

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

SDJA

SDJA

A handwritten signature in black ink, appearing to read "Simon Joyce", written over a light blue horizontal line.

Simon Joyce
Director
28 August 2019
Sydney, New South Wales

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue			
Revenue	4	1,506,210	1,787,851
Other income	4	41,141	1,523,470
Total revenue		1,547,351	3,311,321
Expenses			
Cost of sales		(762,297)	(969,394)
Administration expenses		(89,354)	(168,226)
Depreciation expense		(39,567)	(195,426)
Employee benefits expense		(406,249)	(361,234)
Finance costs		(18,665)	(45,539)
Loss on disposal of non-current assets		-	(23,939)
Occupancy expenses		(188,363)	(174,803)
Soccer expenses		(284,751)	(183,121)
Other expenses		(52,538)	(49,268)
Total expenses		(1,841,784)	(2,170,950)
Net (loss)/profit before income tax		(294,433)	1,140,371
Income tax expense	5	-	(230,635)
Net (loss)/profit for the year		(294,433)	909,736
Other comprehensive income			
Loss on revaluation of land and buildings		(99,577)	-
Reversal of revaluation, upon sale of land and buildings		-	(785,344)
Total comprehensive (loss)/income		(394,010)	124,392

The accompanying notes form part of these financial statements.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Statement of Financial Position
As at 30 June 2019

	Notes	2019 \$	2018 \$
Assets			
Current			
Cash and cash equivalents	6	1,380,789	79,240
Trade and other receivables	7	23,058	2,551,483
Inventories	8	20,417	18,430
Other assets	9	13,065	-
Current assets		1,437,329	2,649,153
Non-current			
Property, plant and equipment	10	5,079,447	5,187,054
Non-current assets		5,079,447	5,187,054
Total assets		6,516,776	7,836,207
Liabilities			
Current			
Trade and other payables	11	170,737	804,385
Employee benefits	12	-	988
Borrowings	13	11,766	124,539
Current liabilities		182,503	929,912
Non-current			
Borrowings	13	-	178,012
Non-current liabilities		-	178,012
Total liabilities		182,503	1,107,924
Net assets		6,334,273	6,728,283
Equity			
Reserves	14	4,227,769	4,327,346
Retained earnings		2,106,504	2,400,937
Total equity		6,334,273	6,728,283

The accompanying notes form part of these financial statements.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Statement of Changes in Equity
For the Financial Year Ended 30 June 2019

	Notes	Asset Revaluation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017		5,112,690	1,491,201	6,603,891
Profit for the year		-	909,736	909,736
Other comprehensive income:				
Reversal of revaluation, upon sale of land and buildings		(785,344)	-	(785,344)
Total comprehensive (loss)/income		(785,344)	909,736	124,392
Balance at 30 June 2018		4,327,346	2,400,937	6,728,283
Balance at 1 July 2018		4,327,346	2,400,937	6,728,283
Loss for the year		-	(294,433)	(294,433)
Other comprehensive income:		-	-	-
Revaluation of land and buildings at fair value	14	(99,577)	-	(99,577)
Total comprehensive loss		(99,577)	(294,433)	(394,010)
Balance at 30 June 2019		4,227,769	2,106,504	6,334,273

The accompanying notes form part of these financial statements.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Statement of Cash Flows
For the Financial Year Ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		1,679,938	1,699,584
Payments to suppliers and employees		(2,576,479)	(1,733,437)
Interest received		5,097	-
Net cash used in operating activities		(891,444)	(33,853)
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,537)	(32,112)
Proceeds from disposal of property, plant and equipment		2,533,980	130,500
Net cash provided by investing activities		2,502,443	98,388
Cash flows from financing activities			
Net repayment of bank and hire purchase loans		(254,226)	(48,346)
Interest paid		(18,665)	(45,539)
Net cash used in financing activities		(272,891)	(93,885)
Net change in cash and cash equivalents		1,338,108	(29,350)
Cash and cash equivalents at beginning of financial year		42,681	72,031
Cash and cash equivalents at end of financial year	6	1,380,789	42,681

The accompanying notes form part of these financial statements.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

1. General information

The financial report covers Portugal Madeira Sydney Social & Cultural Sports Club Limited as an individual entity. Portugal Madeira Sydney Social & Cultural Sports Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.

Principal place of business is Portugal Madeira Sydney Social & Cultural Sports Club Limited, 1-3 Denby Street, Marrickville, NSW.

The financial report was authorised for issue by the directors on 28 August 2019.

With the exception of reclassifications between certain financial statement line items, comparatives are consistent with prior years, unless otherwise stated.

2. Changes in accounting policies

New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2018. The adoption of these amendments has not had a material impact on the entity.

Accounting Standards issued but not yet effective and not been adopted early by the entity

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the entity. The directors are currently assessing the impact such standards will have on the entity.

3. Summary of accounting policies

Financial reporting framework

The general purpose financial statements of the entity have been prepared in accordance with the requirements of the *Corporations Act 2001*.

Statement of compliance

The general purpose financial statements of the entity have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the company.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Sale of goods are recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Poker machines

Poker machine revenue is recognised net of payouts.

Membership

Membership revenue is recognised in the year in which it relates.

Interest

Interest revenue is recognised on an accrual basis using the effective interest method.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Income taxes

The income tax expense or benefit for the period, is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and derecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same tax authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

No deferred tax assets or liabilities have been recognised in the current year.

Mutuality principle

The company calculates its income in accordance with the mutuality principle, which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members, for particular services provided by the club or association, e.g. poker machines, bar and dining room service, in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings at fair value

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

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated over the asset's useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	2.5% straight line
Plant and Equipment	10-20% diminishing value

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

Impairment of non-financial assets

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

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

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

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

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

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

Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The entity's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to the short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are not usually paid within 30 days of recognition.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

Employee benefits

Provision is made for company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Reserves

Components of equity include the following:

- revaluation reserve – comprises gains and losses from the revaluation of land and buildings (see Note 14)

Retained earnings include all current and prior period retained profits.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

	2019	2018
	\$	\$
4. Revenue		
Bingo, raffle and ticket sales	13,866	15,643
Food and beverage sales	415,381	473,393
Function revenue	183,592	257,190
Government GST rebate	17,180	17,180
Player registration fees	170,030	169,318
Poker machine income	636,352	797,760
Sponsorships	69,809	57,367
	1,506,210	1,787,851
Other income		
Gain on sale of non-current assets	-	1,474,093
Insurance recovery	-	7,800
Interest income	20,778	-
Member subscriptions	3,096	3,069
Rental income	10,748	37,663
Other income	6,519	845
	41,141	1,523,470
5. Income tax expense		
Net (loss)/profit before tax	(294,433)	1,140,371
Domestic tax rate	27.5%	27.5%
Expected tax (income)/expense	(80,969)	313,602
Adjustments:		
- Effect of income not assessable/expenses that are not deductible in determining taxable profit	(1,484)	2,060
- Amount of tax relating to the origination and reversal of temporary differences	(272)	(4,413)
- Amount of the benefit arising from a previously unrecognised tax loss of a prior period that is used to reduce current tax expense	-	(80,614)
- Effect of unused tax losses and tax offsets not recognised as deferred tax assets	82,725	-
Actual tax expense	-	230,635
Tax income comprises:		
- Current tax	-	235,048
- Deferred tax:		
Origination and reversal of temporary differences	-	(4,413)
	-	230,635

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

	2019	2018
	\$	\$
6. Cash and cash equivalents		
Cash on hand	10,450	14,996
Cash at bank	99,283	64,244
Short-term deposits	1,271,056	-
	1,380,789	79,240

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:

Cash	1,380,789	79,240
Bank overdraft (Note 13)	-	(36,559)
	1,380,789	42,681

7. Trade and other receivables

Trade receivables	5,527	15,653
Interest receivable	15,681	-
Other receivables	-	2,533,980
Secured deposits	1,850	1,850
	23,058	2,551,483

8. Inventories

Stock on hand	20,417	18,430
	20,417	18,430

9. Other assets

Prepayments	13,065	-
	13,065	-

10. Property, plant and equipment

Land and buildings at fair value	5,000,000	5,106,515
	5,000,000	5,106,515
Plant and equipment at cost	1,244,473	1,232,088
Plant and equipment accumulated depreciation	(1,165,026)	(1,151,549)
	79,447	80,539
	5,079,447	5,187,054

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

10. Property, plant and equipment (continued)

	Land & Buildings	Plant & Equipment	Total
	\$	\$	\$
Net carrying amount 1 July 2018	5,106,515	80,539	5,187,054
Additions	19,152	12,385	31,537
Disposals	-	-	-
Depreciation	(26,090)	(13,477)	(39,567)
Revaluation	(99,577)	-	(99,577)
Net carrying amount 30 June 2019	5,000,000	79,447	5,079,447

	2019	2018
	\$	\$
11. Trade and other payables		
Trade payables	49,900	283,369
Accrued expenses	68,213	108,738
Net GST payable	40,024	161,343
Income in advance	12,600	20,300
Provision for income tax	-	230,635
	170,737	804,385

12. Employee benefits

Provision for annual leave	-	988
	-	988

13. Borrowings

Current

Bank overdraft	-	36,559
Hire purchase liability	11,766	21,388
Other secured borrowings	-	66,592
	11,766	124,539

Non-current

Bank loan	-	178,012
	-	178,012

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

13. Borrowings (continued)

2018:

- Bank loan was principal and interest; and was secured by registered first mortgage over freehold property and registered first mortgage over the whole of assets.

- Other secured borrowings was secured by second mortgage over 1-3 Denby Street, Marrickville, the sale of which, was recorded in the year ended 30 June 2018 (upon exchange of contracts).

	2019	2018
	\$	\$
14. Reserves		
Asset revaluation reserve	4,227,769	4,327,346
	4,227,769	4,327,346

The asset realisation reserve has been utilised for the revaluation of land and buildings held at fair value. The latest valuation was completed by licensed real estate agent, First National Real Estate Marrickville. Their valuation report was issued on the 27 August 2019.

15. Commitments

Purchasing commitments are minimum purchasing volumes with Asahi Premium Beverages Pty Limited.

Within 1 year	81,993	81,993
1 to 5 years	68,328	150,321
	150,321	232,314

The entity has no other purchasing nor leasing commitments as at reporting date.

16. Related parties

The entity's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

	2019	2018
	\$	\$
<u>Transactions with related entities</u>		
Consultancy services - Adelino Jorge G. Fernandez (Treasurer)	-	33,040

There were no trade receivables from related parties at reporting date.

17. Contingent liabilities

There are no contingent liabilities that have been incurred by the entity as at reporting date.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

18. Subsequent events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

**Portugal Madeira Sydney Social & Cultural Sports Club Limited
Directors' Declaration
For the Financial Year Ended 30 June 2019**

The directors of the company declare that in the directors' opinion:

- a) the financial statements and notes 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 2019 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Bruno Nobrega
President
28 August 2019
Marrickville, NSW



Jason Perestrelo
Treasurer
28 August 2019
Marrickville, NSW

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Independent Auditor's Report to the Members of Portugal Madeira Sydney Social & Cultural Sports Club Limited
For the Financial Year Ended 30 June 2019

Qualified Opinion

We have audited the financial report of Portugal Madeira Sydney Social & Cultural Sports Club Limited (the company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the financial report of Portugal Madeira Sydney Social & Cultural Sports Club Limited has been prepared in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

We were appointed as auditor of the entity on 23 May 2019 and were unable to obtain and sufficient and appropriate audit evidence in relation to opening balances for the financial year ended 30 June 2019. Since opening balances enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income or expenses for the year reported in the statement of profit or loss and other comprehensive income or cash flows reported in the statement of cash flows. As such, our opinion is qualified with respect to opening balances for the financial year ended 30 June 2019 and the statement of profit or loss and other comprehensive income and statement of cash flows for the financial year ended 30 June 2019.

As is common for organisations of this type, it is not practicable to extend examination of cash-related income streams beyond accounting for funds received as recorded in the accounting records. Accordingly, our audit in relation to such income was limited to the amounts received. We cannot determine the effect of such adjustments, if any, which may have been necessary had the foregoing limitations not existed. Hence, our opinion is qualified with respect to the completeness of income in relation to cash-related revenue streams.

We were also unable to obtain sufficient supporting evidence in relation to a number of samples we selected to examine expense payments. As such, our opinion is qualified with respect to the occurrence and accuracy of expense payments made during the year.

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.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Independent Auditor's Report to the Members of Portugal Madeira Sydney Social & Cultural Sports Club Limited
For the Financial Year Ended 30 June 2019

We are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors of the company are responsible for the other information. The other information is the directors' report, trading statement (unaudited) and the income & expenditure statement (unaudited) accompanying the financial report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors of the company are responsible for assessing the registered company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the company either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The directors of the company are responsible for overseeing the company's financial reporting process.

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Independent Auditor's Report to the Members of Portugal Madeira Sydney Social & Cultural Sports Club Limited
For the Financial Year Ended 30 June 2019

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for 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.



SDJA



Simon Joyce

Director

28 August 2019

Sydney, New South Wales

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Trading Statement (Unaudited)
For the Financial Year Ended 30 June 2019

TRADING STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
BAR TRADING		
Sales	172,836	171,514
Total Operating Income		
Less:		
Cost of Goods Sold		
Opening Stock	17,180	15,622
Purchases	147,379	141,382
Closing Stock	(19,217)	(17,180)
Total Cost of Goods Sold	145,342	139,824
Gross Profit From Bar Trading	27,494	31,690
Less:		
Depreciation	564	9,229
Repairs & Maintenance	800	382
Replacements	451	1,005
Wages	128,113	134,244
	129,929	144,859
Net Profit From Bar Trading	(102,435)	(113,169)

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Trading Statement (Unaudited)
For the Financial Year Ended 30 June 2019

TRADING STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
<u>RESTAURANT OPERATIONS</u>		
Sales- Food	213,806	210,524
Less: Cost of Goods Sold		
Opening Stock	1,250	1,250
Purchases	126,756	157,937
Closing Stock	(1,200)	(1,250)
	<u>126,806</u>	<u>157,937</u>
Gross Profit From Trading	<u>87,000</u>	<u>52,586</u>
Less		
Depreciation	2,128	9,837
Cleaning & Rubbish Removal	546	784
Replacements	2,880	1,255
Gas Expenses	5,994	4,779
Repairs & Maintenance	-	25
Wages	143,572	144,660
	<u>155,120</u>	<u>161,341</u>
Net Profit From Restaurant Operations	<u>(68,120)</u>	<u>(108,754)</u>

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Trading Statement (Unaudited)
For the Financial Year Ended 30 June 2019

TRADING STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
<u>POKER MACHINE OPERATIONS</u>		
Poker Machine GST Rebate	17,180	17,180
Poker Machine Takings	636,352	797,760
Less: Poker Machine Payouts	(455,584)	(555,011)
Poker Machine GST	(16,433)	(22,068)
	<u>181,515</u>	<u>237,861</u>
Less:		
Depreciation of Poker Machines	4,832	9,719
DMS Fee	6,489	6,358
Analysis	-	-
Poker Machine Service Contract	5,751	3,505
Poker Machine Supplies	408	937
Wages	68,242	65,308
	<u>85,722</u>	<u>85,827</u>
Net Profit From Poker Machine Operations	<u>95,792</u>	<u>152,034</u>

Portugal Madeira Sydney Social & Cultural Sports Club Limited
 Trading Statement (Unaudited)
 For the Financial Year Ended 30 June 2019

TRADING STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
<u>FUNCTION TRADING</u>		
Sales	208,008	328,028
Less:		
Purchases	30,628	104,024
Gross Profit From Trading	<u>177,380</u>	<u>224,004</u>
Less		
Wages	19,856	14,803
	<u>19,856</u>	<u>14,803</u>
Net Profit From Function Operations	<u>157,524</u>	<u>209,200</u>
<u>PROMOTIONS</u>		
Bingo Sales	9,006	10,084
	<u>9,006</u>	<u>10,084</u>
Less:		
Prizes	1,265	3,732
Wages	-	-
	<u>1,265</u>	<u>3,732</u>
Net Profit From Bingo Operations	<u>7,741</u>	<u>6,352</u>
Raffle Sales	2,281	4,949
Net Profit From Raffles Operations	<u>2,281</u>	<u>4,949</u>
Net Profit From Promotion Operations	<u>10,022</u>	<u>11,301</u>

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Trading Statement (Unaudited)
For the Financial Year Ended 30 June 2019

TRADING STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
<u>SPORTS OPERATIONS</u>		
Sales	4,324	20,517
Rego Fees	170,030	169,318
Ticket Sales	2,579	610
Sponsorship - Others	69,173	50,366
	<hr/>	<hr/>
	246,106	240,812
Less:		
Coaches Expenses	19,386	21,773
Player Payments	134,581	68,380
Purchases	4,655	6,907
Licensing Fees	21,522	28,809
Medical Expenses	-	4,010
Trophies	982	891
Referees	2,240	4,120
Rental	40,642	27,627
Other	38,832	2,136
Uniforms	21,911	18,468
	<hr/>	<hr/>
	284,751	183,119
Net Profit From Sports Operations	<hr/>	<hr/>
	(38,645)	57,693
Net Surplus From Trading Activities	<hr/>	<hr/>
	54,138	208,304

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Income & Expenditure Statement (Unaudited)
For the Financial Year Ended 30 June 2019

INCOME & EXPENDITURE STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
Income		
Net Surplus From Trading Activities	54,138	208,304
Supplier Rebate	38	-
Grants Received	-	2,273
Insurance Recoveries	-	7,800
Interest Received	20,778	-
Membership Fees	3,096	3,069
Rents Received	10,748	37,663
Sponsorship	7,000	7,000
Other Income	155	845
Gain on Sale of NCA	-	1,474,093
Total Income	95,952	1,741,048
Less:		
Expenses		
Accountancy Fees	11,480	24,540
Advertising & Promotion	10,896	8,169
Auditors Remuneration	9,750	7,750
Bank Charges	6,975	4,277
Cleaning & Rubbish Removal	56,239	60,116
Computer & Software	750	6,716
Consultancy Fees	6,251	33,040
Depreciation	32,043	166,641
Depn Small Assets Written Off	796	23,939
Donations	-	1,300
Entertainers	14,763	19,236
Filing fee	855	-
Directors & Staff Food & Bar	-	249
Fines & Penalties	-	10,559
Freight Paid	200	43

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Income & Expenditure Statement (Unaudited)
For the Financial Year Ended 30 June 2019

INCOME & EXPENDITURE STATEMENT

FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
Insurance	20,585	33,710
Interest	7,153	45,539
Legal Fees	2,399	381
Land Tax	-	5,755
Light & Power	26,659	29,763
Motor Vehicle Expenses	8,499	2,590
Printing & Stationery	7,659	4,761
Pest Control	1,909	1,364
Provision - Annual Leave	(988)	(9,381)
Provision - Long Service Leave	-	(18,988)
Rates	27,425	12,383
Repairs & Maintenance	31,078	13,898
Staff hire	939	-
Salaries & Wages	13,374	3,805
Security	30,350	48,955
Staff Training	270	599
Subscriptions, Licences & Filing Fees	16,308	17,558
Sundries	2,509	1,138
Superannuation Contributions	31,805	28,807
Telephone	3,003	3,138
Workers Compensation	8,453	8,327
Total Expenses	390,386	600,678
Operating Profit Before Income Tax	(294,433)	1,140,370
Less Income Tax	-	230,635
Net Profit After Income Tax	(294,433)	909,736

Portugal Madeira Sydney Social & Cultural Sports Club Limited
Income & Expenditure Statement (Unaudited)
For the Financial Year Ended 30 June 2019

INCOME & EXPENDITURE STATEMENT
FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019

	Jul-18 To Jun-19 \$	Jul-17 To Jun-18 \$
Adjustments To Show True Cash Profit		
Accounting Operating Profit Before Tax	(294,433)	1,140,370
Add:		
Depreciation		
- Bar	564	9,229
- Restaurant	2,128	9,837
- Poker Machine	4,832	9,719
- Other	32,043	166,641
Interest Paid	7,153	45,539
	<u>46,720</u>	<u>240,965</u>
Actual Cash Profit Before Income Tax	<u>(247,714)</u>	<u>1,381,335</u>