

Independent Gaming Corporation Ltd

Financial report
for the year ended
30 June 2018



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To the Chairman of the Board of Directors Independent Gaming Corporation Limited

As required by section 75 of the *Gaming Machines Act 1992*, I have audited the financial report of the Independent Gaming Corporation Limited (the Company) for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report of the Independent Gaming Corporation Limited is 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 2018 and its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Directors' Declaration.

Basis for opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Independent Gaming Corporation Limited in accordance with the auditor independence requirements of the *Corporations Act 2001*. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Independent Gaming Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

My 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 my 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's

ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the directors about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

4 September 2018



INDEPENDENT GAMING CORPORATION LIMITED

A.B.N. 62 054 282 183

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

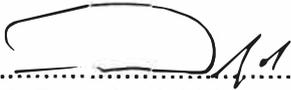
INDEPENDENT GAMING CORPORATION LIMITED
A.B.N. 62 054 282 183

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2018

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 33, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date
2. in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



.....
C.W. Dunsford AM
Director

Dated this 31ST day of AUGUST 2018

INDEPENDENT GAMING CORPORATION LIMITED
A.B.N. 62 054 282 183

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
REVENUES	4	<u>11,145,199</u>	<u>11,328,716</u>
EXPENSES			
Employee benefits expense		1,647,163	1,598,140
Depreciation and amortisation expense	11,12	1,771,703	503,707
Gamblers' rehabilitation contribution expense		2,000,000	2,000,000
Sponsorship and charity donation expense		705,588	935,991
Early intervention agencies expense		1,849,800	1,802,400
Administration & other expenses	5	3,163,789	2,150,563
TOTAL EXPENSES		<u>11,138,043</u>	<u>8,990,801</u>
PROFIT BEFORE INCOME TAX EXPENSE		7,156	2,337,915
Income tax expense	3	-	-
PROFIT FOR THE YEAR		<u>7,156</u>	<u>2,337,915</u>
PROFIT ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>7,156</u>	<u>2,337,915</u>

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

PROFIT FOR THE YEAR	7,156	2,337,915
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>7,156</u>	<u>2,337,915</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ENTITY	<u>7,156</u>	<u>2,337,915</u>

The accompanying notes form part of these financial statements.

INDEPENDENT GAMING CORPORATION LIMITED

A.B.N. 62 054 282 183

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

ASSETS	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	6	2,255,977	2,660,820
Financial Assets	9	3,000,000	6,000,000
Accounts Receivable and Other Debtors	7	340,998	271,170
Prepayments		261,856	82,456
Inventory	8	62,496	62,611
TOTAL CURRENT ASSETS		<u>5,921,327</u>	<u>9,077,057</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	9,388,842	3,359,240
Intangible Assets	12	6,930,447	3,918,799
Capital Works in Progress	13	-	5,772,135
TOTAL NON-CURRENT ASSETS		<u>16,319,289</u>	<u>13,050,174</u>
TOTAL ASSETS		<u>22,240,616</u>	<u>22,127,231</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Payables	14	1,584,849	1,439,822
Provision for Employee Benefits	15	197,239	222,537
TOTAL CURRENT LIABILITIES		<u>1,782,088</u>	<u>1,662,359</u>
NON-CURRENT LIABILITIES			
Provision for Employee Benefits	15	153,300	166,800
TOTAL NON-CURRENT LIABILITIES		<u>153,300</u>	<u>166,800</u>
TOTAL LIABILITIES		<u>1,935,388</u>	<u>1,829,159</u>
NET ASSETS		<u>20,305,228</u>	<u>20,298,072</u>
EQUITY			
Reserves	2(c)	20,305,000	20,298,000
Retained Earnings		228	72
TOTAL EQUITY		<u>20,305,228</u>	<u>20,298,072</u>

The accompanying notes form part of these financial statements.

INDEPENDENT GAMING CORPORATION LIMITED
A.B.N. 62 054 282 183

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings \$	Capital Replacement Reserve \$	Total \$
Balance at 1 July 2016	<u>157</u>	<u>17,960,000</u>	<u>17,960,157</u>
Comprehensive Income			
Profit attributable to the entity	2,337,915	-	2,337,915
Other comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>2,337,915</u>	<u>-</u>	<u>2,337,915</u>
Transfers from Retained Earnings to Capital Replacement Reserve	<u>(2,338,000)</u>	<u>2,338,000</u>	<u>-</u>
Balance at 30 June 2017	<u>72</u>	<u>20,298,000</u>	<u>20,298,072</u>
Balance at 1 July 2017	<u>72</u>	<u>20,298,000</u>	<u>20,298,072</u>
Comprehensive Income			
Profit attributable to the entity	7,156	-	7,156
Other comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>7,156</u>	<u>-</u>	<u>7,156</u>
Transfers from Retained Earnings to Capital Replacement Reserve	<u>(7,000)</u>	<u>7,000</u>	<u>-</u>
Balance at 30 June 2018	<u>228</u>	<u>20,305,000</u>	<u>20,305,228</u>

The accompanying notes form part of these financial statements.

INDEPENDENT GAMING CORPORATION LIMITED
A.B.N. 62 054 282 183

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,005,177	11,078,841
Payments to suppliers and employees		(4,842,104)	(3,069,019)
Payments to Gamblers' Rehabilitation Fund		(2,000,000)	(2,000,000)
Payments to Early Intervention Agencies		(1,849,800)	(1,802,400)
Sponsorship and charity donation payments		(747,537)	(829,860)
Interest received/sundry income		112,929	260,151
Other payments		(3,149)	(3,334)
GST payments/refunds to ATO		(39,541)	2,327
Net cash provided by/(used in) operating activities	18(b)	<u>1,635,975</u>	<u>3,636,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(3,020,877)	(331,360)
Payments for intangible assets		(1,162,647)	(3,875,232)
Payments for capital works in progress - plant & equipment		(147,883)	(599,074)
Payments for capital works in progress - intangible		(709,411)	(487,204)
Proceeds from sale of plant and equipment		-	47,233
(Purchases) proceeds of/from financial assets		3,000,000	2,153,400
Net cash provided by/(used in) investing activities		<u>(2,040,818)</u>	<u>(3,092,237)</u>
Net increase/(decrease) in cash held		(404,843)	544,469
Cash and cash equivalents at beginning of the financial year		2,660,820	2,116,351
Cash and cash equivalents at the end of the financial year	6, 18(a)	<u>2,255,977</u>	<u>2,660,820</u>

The accompanying notes form part of these financial statements.

INDEPENDENT GAMING CORPORATION LIMITED
A.B.N. 62 054 282 183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 COMPANY DETAILS

The Independent Gaming Corporation Limited is a company limited by guarantee. It is incorporated and operates in South Australia. The registered office and principal place of business is located at 80 Greenhill Road, Wayville SA 5034.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general-purpose financial statements, which have been prepared in accordance with the *Corporations Act 2001*, and Australian Accounting Standards, including Australian Accounting Interpretations. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

The financial statements were approved by the Board of Directors on Thursday 27 September 2018.

Basis of Preparation

The accounting policies set out herein have been consistently applied to all years presented.

The company's Income Statement, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual and historical cost basis. Cost is based upon the fair value of the consideration given in exchange for assets. The Statement of Cash Flows has been prepared on a cash basis.

These financial statements, which include the above-mentioned statements, have been prepared based upon a twelve month operating cycle and presented in Australian currency.

In the application of the company's accounting policies, which are described herein, management is required to make judgments, estimates and assumptions about the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognised in the period in which the estimate is revised.

Accounting Policies

(a) **Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) when the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or
- (ii) for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and finance activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(b) **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis.

(c) **Capital Replacement Reserve**

The purpose of the Capital Replacement Reserve is to enable the accumulation of sufficient funds for the replacement of the Gaming Machine Monitoring System, associated hardware and software without excessive borrowings.

(d) **Financial Instruments**

The company's financial instruments consist of deposits at bank, accounts receivable and other debtors, accounts payable and other payables. The company does not have any derivative instruments as at 30 June 2018.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus transactions costs.

Held-to-maturity investments have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Receivables and payables are subsequently measured at amortised cost.

(e) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(f) **New Accounting Standards for Application in Future Periods**

The company has assessed the impact of the new standard AASB16 – Leases, which comes into effect on 1 July 2019.

The impact of the new standard will be to recognise an asset and a liability of approximately \$24,000 on the Statement of Financial Position on 1 July 2019.

The company has not voluntarily changed any of its accounting policies during 2017/2018.

NOTE 3 INCOME TAX

The Australian Taxation Office in a Private Ruling dated 24 March 2016 granted IGC exemption from income tax up until 30 June 2021.

NOTE 4 REVENUES	NOTE	2018	2017
		\$	\$
Licensed gaming machine sites		10,702,944	10,776,702
Interest earned		124,114	195,005
Game testing		307,835	186,202
Web fees		-	164,393
Other		8,806	6,414
Implementation Fees		1,500	-
Total Revenue		<u>11,145,199</u>	<u>11,328,716</u>

Revenue from the rendering of monitoring and game testing services is recognised upon the delivery of the service to customers.

Interest revenue is recognised using the effective interest rate method.

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

NOTE 5 ADMINISTRATION & OTHER EXPENSES

Directors' fees and expenses		272,983	266,085
Telecommunication expense		1,023,672	281,885
Monitoring system maintenance expense		567,746	571,409
Occupancy expense		155,353	166,080
Insurance		88,078	85,268
Gaming site equipment maintenance expense		542,065	255,138
Disaster site operating lease expense		94,700	106,200
Disaster site other expenses		57,517	43,168
Auditor expenses	10	73,795	88,975
Other expenses		287,880	286,355
Total Administration & Other Expenses		<u>3,163,789</u>	<u>2,150,563</u>

NOTE 6 CASH AND CASH EQUIVALENTS

Cash on hand		1,200	700
Cash at bank		54,777	60,120
Deposits at call		2,200,000	2,600,000
Total Cash and Cash Equivalents as stated in the Statement of Financial Position		<u>2,255,977</u>	<u>2,660,820</u>
Total Cash and Cash Equivalents as stated in the Statement of Cash Flows		<u>2,255,977</u>	<u>2,660,820</u>

NOTE 7 ACCOUNTS RECEIVABLE AND OTHER DEBTORS	2018	2017
	\$	\$
Monitoring fees - Licensed gaming machine sites	146,557	117,568
Accrued interest	15,750	4,564
GST Receivables	150,389	107,655
Other receivables	28,302	41,383
Total Current Accounts Receivable and Other Debtors	<u>340,998</u>	<u>271,170</u>

(i) Credit Risk – Accounts Receivable and Other Debtors

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The balances of receivables that remain within initial trade terms, i.e. 30 days from invoice date (as detailed in the table) are considered to be of high credit quality.

2018	Gross amount \$	Past due & impaired \$	Past due but not impaired			Within initial trade terms \$
			< 30 days \$	31-60 days \$	61-90 days \$	
Accounts receivable	146,557	-	-	-	-	146,557
Accrued interest	15,750	-	-	-	-	15,750
Other debtors	178,691	-	4,018	-	-	174,673
Total	340,998	-	4,018	-	-	336,980
2017						
Accounts receivable	117,568	-	-	-	-	117,568
Accrued interest	4,564	-	-	-	-	4,564
Other debtors	149,038	-	-	17,545	-	131,493
Total	271,170	-	-	17,545	-	253,625

There are balances within other debtors that contain assets that are past due but not impaired. It is expected that these balances will be received.

NOTE 8 INVENTORY

	2018	2017
	\$	\$
Inventory	62,496	62,611
Total Inventory	<u>62,496</u>	<u>62,611</u>

Inventories include goods held for use in the ordinary course of business. Inventories are measured at the lower of cost or their net realisable value.

Cost for all inventory is measured on the basis of the first-in, first-out method.

Inventory Expense

Inventories recognised as an expense during the year included \$83,443. The expense has been included in Administration & Other Expenses in the Income Statement.

NOTE 9 FINANCIAL ASSETS**CURRENT**

Term Deposits (up to 12 months to maturity)	3,000,000	6,000,000
Total Current Financial Assets	<u>3,000,000</u>	<u>6,000,000</u>

NOTE 10 AUDITORS' REMUNERATION

Audit Fees paid/payable to the Auditor-General's Department relating to work performed under the Public Finance and Audit Act. No other services were provided by the Auditor-General's Department.

	42,300	45,800
Remuneration paid to CQR Consulting Pty Ltd and Bellamy Miller & Moneypenny Pty Ltd for the internal audit of IGC's information systems.	<u>31,495</u>	<u>43,175</u>
Total Auditors' Remuneration	<u>73,795</u>	<u>88,975</u>

NOTE 11 PROPERTY, PLANT AND EQUIPMENT**2018**
\$**2017**
\$

NON-CURRENT

Land and Building (Greenhill Road)

Freehold land at cost	288,000	288,000
Total Land	<u>288,000</u>	<u>288,000</u>
Building at cost	1,198,141	1,198,141
Accumulated depreciation	(353,452)	(329,489)
Total Building	<u>844,689</u>	<u>868,652</u>
Total Land and Building	<u>1,132,689</u>	<u>1,156,652</u>
Plant and Equipment		
Plant and equipment at cost	10,826,074	6,683,589
Accumulated depreciation	(2,569,921)	(4,481,001)
Total Plant and Equipment	<u>8,256,153</u>	<u>2,202,588</u>
Total Property, Plant and Equipment	<u>9,388,842</u>	<u>3,359,240</u>

Movement in carrying amount for Non-Current Assets:

	<u>Land</u>	<u>Building</u>	<u>P & E</u>	<u>Total</u>
Balance at 1 July 2016	288,000	892,615	488,461	1,669,076
Additions at cost	-	-	331,359	331,359
Work in Progress Transferred	-	-	1,746,433	1,746,433
Disposals	-	-	(47,232)	(47,232)
Depreciation expense	-	(23,963)	(316,433)	(340,396)
Balance at 30 June 2017	288,000	868,652	2,202,588	3,359,240
Additions at cost	-	-	3,020,877	3,020,877
Work in Progress Transferred	-	-	4,238,270	4,238,270
Disposals	-	-	-	-
Depreciation expense	-	(23,963)	(1,205,582)	(1,229,545)
Carrying amount at 30 June 2018	288,000	844,689	8,256,153	9,388,842

Non Current Assets

(i) Property, Plant and Equipment

Property, plant and equipment is carried at cost less, where applicable, accumulated depreciation and impairment loss. The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(ii) Depreciation

Depreciation on property, plant and equipment (excluding land) is calculated on a straight-line basis over their respective useful lives. Due to the implementation of the new SG Video Monitoring System (GMMS), the depreciation schedule was revised and approved by the Directors at the Board meeting held in May 2017.

The classes of property, plant and equipment and their expected useful lives are as follows:

Class of Fixed Asset	Expected Useful Life Years
Building	50
Plant and Equipment	2 – 7
Monitoring System	5 - 10
Office Fit-out	10

The assets' useful lives are reviewed, and adjusted if applicable, at each annual reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

NOTE 12 INTANGIBLE ASSETS

	2018	2017
	\$	\$
Computer Software at cost	7,576,113	4,022,306
Accumulated Amortisation	(645,666)	(103,507)
Total Intangible Assets	<u>6,930,447</u>	<u>3,918,799</u>

Movement in carrying amount for Intangible Assets:

Balance at 1 July 2016	146,853
Additions	3,875,232
Work in Progress Transferred	60,025
Amortisation expense	(163,311)
Balance at 30 June 2017	<u>3,918,799</u>
Additions	1,162,648
Work in Progress Transferred	2,391,159
Amortisation expense	(542,159)
Carrying amount at 30 June 2018	<u>6,930,447</u>

Intangible Assets

(i) Intangibles – Computer Software

Computer software is recorded at cost. Computer software has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

(ii) Amortisation of Intangible Assets

Amortisation on intangibles is calculated on a straight-line basis over their respective useful lives. The estimated useful life is between three and ten years. It is assessed annually for impairment.

NOTE 13 CAPITAL WORKS IN PROGRESS

	2018	2017
	\$	\$
New Monitoring System Development		
Plant & Equipment at cost	4,238,270	4,090,386
Intangibles at cost	2,391,159	1,681,749
Transferred – Plant & Equipment	(4,238,270)	-
Transferred – Intangibles	(2,391,159)	-
Total Capital Works In Progress	<u>-</u>	<u>5,772,135</u>

Movement in carrying amount for Capital Works In Progress:

Balance at 1 July 2016	6,492,315
Additions – Plant & Equipment	599,074
Additions – Intangibles	487,204
Transferred - Plant & Equipment	(1,746,433)
Transferred – Intangibles	(60,025)
Balance at 30 June 2017	<u>5,772,135</u>
Additions – Plant & Equipment	147,883
Additions – Intangibles	709,411
Transferred - Plant & Equipment	(4,238,270)
Transferred – Intangibles	(2,391,159)
Carrying amount at 30 June 2018	<u>-</u>

As part of the new monitoring system, the company continued the migration of gaming venues to the new online communications infrastructure during the first half of 2017/2018. All Capital Works in Progress was transferred to either Plant & Equipment or Intangible Assets in January 2018.

NOTE 14 ACCOUNTS PAYABLE AND OTHER PAYABLES	2018	2017
	\$	\$
CURRENT		
Accounts payable	1,079,176	891,469
GST payable	275,547	272,354
Accrued expenses	230,126	275,999
Total Accounts Payable and Other Payables	<u>1,584,849</u>	<u>1,439,822</u>

NOTE 15 PROVISIONS FOR EMPLOYEE BENEFITS

CURRENT		
Accrued salaries and wages	25,439	22,037
Liability for annual leave	125,200	162,500
Liability for sick leave	8,000	6,300
Liability for long service leave	38,600	31,700
Total Current Provisions for Employee Benefits	<u>197,239</u>	<u>222,537</u>
NON-CURRENT		
Liability for long service leave	153,300	166,800
Total Non-Current Provisions for Employee Benefits	<u>153,300</u>	<u>166,800</u>
Total Provisions for Employee Benefits	<u>350,539</u>	<u>389,337</u>

(i) Salaries and Wages, Annual Leave and Sick Leave

A liability is recognised in respect of benefits relating to accrued salaries and wages, annual leave and sick leave (and related on-costs) arising from services rendered by employees to balance date.

These benefits are anticipated to be settled within one year and are measured at the amount expected to be paid when the liability is settled.

(ii) Long Service Leave

Liabilities arising in respect of long service leave expected to be settled within twelve months of balance date are measured at their nominal rates. All other long service leave entitlements are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Current long service leave reflects the portion of leave expected to be settled within the next twelve months, based on previous experience and known applications for leave. The remaining portion of the long service leave provision is classified as non-current.

(iii) Superannuation

Contributions are made by the company to the employee superannuation fund and are charged as expenses when incurred. The company has no legal obligation to provide benefits to employees on retirement.

NOTE 16 RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including the directors or general manager is considered key management personnel.

Key management personnel compensation

- short term benefits	476,922	466,342
- post employment benefits	53,223	52,004
- other long term benefits	5,549	5,349
Total Compensation	<u>535,694</u>	<u>523,695</u>

(b) Other information pertaining to material related party transactions

(i) Members

During the year, no expenses were incurred at hotels that are Members of the Australian Hotels Association (SA Branch) and clubs that are Members of the Licensed Clubs' Association of South Australia.

(ii) Directors

During the year Mr P Hurley AO and Mr D Basheer had a direct financial interest in one or more hotels that have a contract for monitoring services with the company. The value of those services provided by the company was \$402,602 and \$81,681 respectively. Mr C Taylor is a senior employee of a licensed club that has a contract for monitoring services with the company. The value of those services provided by the company was \$38,438. Mr J Kernahan is a Director of Club One that has 137 entitlements assigned to gaming machines. The value of those services provided by the company is estimated to be \$120,012.

The contracts are on normal commercial terms and on the same basis as the contracts for monitoring services that are in place for all gaming machine sites. All fees quoted above in relation to Directors' related party transactions are inclusive of GST.

No Director has received or become entitled to receive, during or since the financial year, a benefit as a result of a contract made by the company, controlled entity or a related body corporate with the Director, a firm of which the Director is a Member or an entity in which the Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Key Management Personnel as shown in the company's accounts as Note 16(a) to the accounts.

NOTE 17 UNRECOGNISED COMMITMENTS**2018**
\$**2017**
\$**(a) Disaster Recovery Services Agreement**

IGC has a disaster recovery services agreement with locane Pty Ltd effective 1 June 2015. The annual base cost of the service agreement for 2018/2019 is \$78,600 with annual CPI increases. IGC will terminate this services agreement on 30 September 2018.

IGC entered into a disaster recovery services agreement with Vintek Pty Ltd effective 1 October 2018 for a period of 36 months. The annual base cost of the service agreement for 2018/2019 is \$48,473 with an annual adjustment of 5% per annum.

Payable

- not later than one year

36,355

-

- later than one year but not later than three years

116,456

-

152,811

-

(b) Maintenance Monitoring Systems

IGC has entered into a maintenance agreement with Scientific Games Worldwide for the new SG-Video Monitoring System which expires on 30 June 2026.

Payable

- not later than one year

501,047

501,047

- later than one year but not later than three years

1,503,140

1,503,140

- later than three years

2,004,1882,505,2334,008,3754,509,420**(c) Automated Risk Monitoring (ARM) Systems Maintenance Agreement**

IGC has entered into a systems maintenance agreement with Scientific Games Worldwide for the new ARM maintenance agreement which expires on 30 June 2026.

Payable

- not later than one year

67,436

-

- later than one year but not later than three years

202,308

-

- later than 3 years

269,744

-

539,488

-

	2018 \$	2017 \$
(d) <u>Gamblers' Rehabilitation Fund</u>		
Provision of \$2 million has been made in the 2018/2019 Budget for contributions up to this amount to be paid during the 2018/2019 financial year to the Gamblers' Rehabilitation Fund. An amount of \$2 million has been paid to the Fund for the 2017/2018 financial year.	<u>2,000,000</u>	<u>2,000,000</u>
(e) <u>Programme for Problem Gambling Early Intervention</u>		
IGC has committed to fund the initiatives of the AHA and LCA for their respective early intervention programmes for problem gamblers. The Board approved an amount of \$1,906,000 to be paid during the 2018/2019 year to the Industry's Early Intervention for Problem Gambler's Initiative Programme.	<u>1,906,000</u>	<u>1,849,800</u>

NOTE 18 CASH FLOW INFORMATION

	Inflow (Outflow) 2018 \$	Inflow (Outflow) 2017 \$
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For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents include cash on hand, cash at bank and deposits at call.

(a) Cash at end of year as shown in the Statement of Cash Flows is represented in the Statement of Financial Position as follows:

Cash and Cash Equivalents per Statement of Cash Flows	2,255,977	2,660,820
Total Cash and Cash Equivalents per Statement of Financial Position	<u>2,255,977</u>	<u>2,660,820</u>

(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit / (Loss) after income tax	7,156	2,337,915
<u>Non-cash flows</u>		
Depreciation and Amortisation	1,771,703	503,707
<u>Changes in assets and liabilities</u>		
(Increase) decrease in accounts receivable and other debtors	(69,828)	32,914
Increase (decrease) in accounts payable and other payables	145,027	822,838
Increase (decrease) in employee benefits	(38,798)	49,502
(Increase) decrease in prepayments	(179,400)	(47,559)
(Increase) decrease in inventory	115	(62,611)
Net Cash provided by / (used in) Operating Activities	<u>1,635,975</u>	<u>3,636,706</u>

NOTE 19 FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivables and payables.

The total for each category of financial instrument are as follows:

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	6	2,255,977	2,660,820
Accounts receivable and other debtors *	7	190,609	163,181
Held-to-maturity investments (at cost)	9	<u>3,000,000</u>	<u>6,000,000</u>
Total Financial Assets		<u>5,446,586</u>	<u>8,824,001</u>
Financial Liabilities			
Financial liabilities (at cost)			
Accounts payable and other payables *	14	<u>1,178,042</u>	<u>1,025,473</u>
Total Financial Liabilities		<u>1,178,042</u>	<u>1,025,473</u>

* Receivables and payables amounts disclosed have excluded amounts relating to rights or obligations that have their source in legislation such as levy recoverables / payables, tax equivalents and Commonwealth tax including Goods & Services Tax (GST).

Specific Financial Risk Exposure and Management

The main risks exposed through the company's financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

Credit Risk

The company does not have any material credit risk exposure as the major source of revenue is the receipt of monitoring fees.

The company has no significant concentration of credit risk exposure to any single receivable under financial instruments.

Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed.

Financial liability and financial asset maturity analysis

	Within 1 year		1-5 years		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Financial Liabilities due for payment						
Accounts payable and other payables	<u>1,178,042</u>	<u>1,025,473</u>	<u>-</u>	<u>-</u>	<u>1,178,042</u>	<u>1,025,473</u>
Total expected outflows	<u>1,178,042</u>	<u>1,025,473</u>	<u>-</u>	<u>-</u>	<u>1,178,042</u>	<u>1,025,473</u>
Financial Assets – cash flows realised						
Cash and cash equivalents	2,255,977	2,660,820	-	-	2,255,977	2,660,820
Accounts receivable and other debtors	190,609	163,181	-	-	190,609	163,181
Other financial assets	<u>3,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>6,000,000</u>
Total anticipated inflows	<u>5,446,586</u>	<u>8,824,001</u>	<u>-</u>	<u>-</u>	<u>5,446,586</u>	<u>8,824,001</u>
Net inflows on Financial Instruments	<u>4,268,544</u>	<u>7,798,528</u>	<u>-</u>	<u>-</u>	<u>4,268,544</u>	<u>7,798,528</u>

Market Risk - Interest rate risk

Exposure to interest rate risks arise on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rate will affect future cash flows or the fair value of fixed rate financial instruments.

Hedging Risk

The systems maintenance agreement with Scientific Games for IGC's GMMS includes a foreign exchange clause which provides for a 10% increase or decrease in maintenance fees should the \$US/\$AUS fluctuate beyond 10% either side of the exchange rate which existed at the time the agreement was executed.

Sensitivity analysis

Due to the nature and value of the financial instruments held by the company, sensitivity analysis has not been provided. Financial instruments are secured at fixed rates and therefore not sensitive to rate variables.

Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and the notes to the Financial Statements.

The carrying amounts of the following financial assets and financial liabilities as disclosed in the Statement of Financial Position at balance date represent fair value.

Statement of Financial Position Item	Category of Financial Instrument
Cash and Cash Equivalents	Cash and Cash Equivalents
Other Financial Assets	Held-to-maturity Investments (at cost)
Accounts Receivable and Other Debtors	Loans and Receivables
Accounts Payable and Other Payables	Financial Liabilities (at cost)*

*Cost does not materially differ from amortised cost.

NOTE 20 CAPITAL MANAGEMENT

The Board and management effectively manage the entity's capital by assessing the entity's financial risks and responding to changes in these risks.

At 30 June 2018, the company had no borrowings.

There have been no changes to the strategy adopted by the Board and management to control the capital of the entity since the previous year.