

ANNUAL FINANCIAL REPORT

OF

**PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126**

FOR THE YEAR ENDED

30 JUNE 2017

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PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126

DIRECTORS' REPORT

The Directors of Padstow RSL Club Limited submit herewith the annual report for the financial year ended 30 June 2017. In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

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

Alick G Diggelmann

President 20 years. Retired Grocery Manager and Warehouse Supervisor. Club Member 49 years. Club Life Member. Chairman of Executive, Finance, Compliance and Discipline Committees. Member of various Board Committees. Delegate to ClubsNSW and Western Metropolitan Region. Member of Club Directors' Institute.

James Perkins

Senior Vice President 3 years. Retired NSW Public Servant with senior management responsibilities. Club Member 26 years. Director 7 years. Chairman of ClubGrants and Sports Committees. Club representative on Canterbury-Bankstown Local ClubGrants Committee. Member of various Board Committees. Delegate to ClubsNSW and Western Metropolitan Region. Club Captain of Padstow RSL Golf Club. Member of Club Directors' Institute.

Michael Ferguson, B.Bus., CTA., IPA

Senior Vice President 1 year. Directors since 2014. Accountant and chartered tax advisor, registered tax agent and ASIC registered agent. Club member 6 years. Chairman of Anti-Money Laundering and Counter Terrorism Committee. Member of various Board Committees. Treasurer of Padstow RSL Golf Club. Member Club Directors' Institute.

Mark Brady, B.Ed., M.Ed.

Director since 2014. Educator and owner of an independent Training and Development provider with extensive experience in the public and private sectors. Club member 26 years. Chairman of Marketing Committee. Member of various Board Committees. Committee member of Padstow RSL Fishing Club. Member of Club Directors' Institute.

Steve Ambrose

Director since 2016. Retired Purchasing, Production and Project Manager. Club member 13 years. Member of various Board Committees. Member of Club Directors' Institute.

Bryan Staples

Director since 2016. Retired veteran firefighter NSW Fire Brigade. Club member 14 years. Chairman of Property Committee. Member of various Board Committees. Member of Club Directors' Institute.

Christine Shaw

Director since 2016. Currently consultant for Fantastic Furniture. Club member 13 years. Member of various Board Committees. Member of Club Directors' Institute.

Ross Brown, B.Bus, JP.

President 2 years. Retired NSW Public Servant with senior management responsibilities. Club member 27 years, Senior Vice President 6 years. Member of various Board Committees. Delegate to Western Metropolitan Region and ClubsNSW. Club representative on Bankstown Local ClubGrants Committee. Committee member and Trustee of the Padstow RSL Sub-Branch. Served 20 years in the CMF/Army Reserve and retired with rank of Captain. Member Club Directors' Institute.

Barry Scott, JP.

Vice President 2 years. Retired Driver. Club member 45 years, Director 6 years. Chairman Sports Committee and member of various other Board Committees. Has served on Golf and Darts sub-club committees. Member of Club Directors' Institute. Resigned 26 October 2016.

Phillip McCormack

Director. Retired Salesperson. Club member 22 years, Director 10 years and Vice President 2 years. Member of various Board Committees. President of the former Padstow RSL Cricket Club and currently member of the Golf Club. Member of Club Directors' Institute. Resigned 26 October 2016.

Board Committees

The following committees assist the Board with the performance of its responsibilities for the management of the business and affairs of the club under Rule 56 of the constitution. The President is an ex-officio member of all committees but may nominate a Director to represent him on such committees (Rule 56 (c)).

Executive Committee:	A Diggelmann, J Perkins, M Ferguson
Compliance Committee:	A Diggelmann, J Perkins, M Ferguson
Finance Committee:	A Diggelmann, J Perkins, M Ferguson
Marketing Committee:	M Brady, M Ferguson, B Staples, C Shaw
Property Committee:	B Staples, A Diggelmann, S Ambrose, M Ferguson
Discipline Committee:	A Diggelmann, J Perkins, M Ferguson, M Brady, B Staples, S Ambrose, C Shaw
Sports Committee:	J Perkins, M Brady (Fishing), B Staples (Darts), C Shaw (Table Tennis), S Ambrose (Golf/Swimming)
Anti-Money Laundering/Counter-Terrorism Financing and Gaming Committee:	M Ferguson, M Brady, S Ambrose, B Staples

MEETINGS OF COMPANY DIRECTORS

In compliance with the Corporations Law the number of meetings held during the financial year and the number of those meetings attended by each Director:

	Board Meetings		Special Meetings	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
A Diggelmann	8	8	2	2
J Perkins	12	11	2	2
M Ferguson	12	12	2	2
M Brady	12	12	2	2
B Staples	8	8	2	2
S Ambrose	12	12	2	2
C Shaw	7	7	2	1
R Brown	4	2	Nil	Nil
B Scott	4	4	Nil	Nil
P McCormack	4	4	Nil	Nil

Leave of Absence granted to the following Directors during the year:

C Shaw 6 - 17 December 2016

CLUB SECRETARY

The following person held the position of club secretary at the end of the financial year:

Sharon Gammon has been employed at Padstow RSL Club for 17 years, 9 years as the Club's General Manager and is a member of CMA (Club Managers Association).

MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. The total amount contributed would be \$9818

REVIEW OF OPERATIONS

The club earned an operating profit of \$364,943 (2016: \$286,138) before depreciation of \$414,166 (2016: \$408,705) and finance costs of \$118,133 (2016: \$28,808).

	2017	2016
	\$	\$
Profit/(Loss) attributable to members	(167,356)	(151,375)
Add back:		
Depreciation	414,166	408,705
Finance costs	118,133	28,808
Operating profit for the year	<u>364,943</u>	<u>286,138</u>

The club incurred a loss after providing for finance costs and depreciation of \$167,356 (2016: \$151,375 loss) No income tax is payable.

Club membership was 4915 as at 30 June 2017 (4,757 as at 30 June 2016) and was made up as follows:

	2017	2016
Life Members	6	5
Ordinary Members	<u>4,909</u>	<u>4,752</u>
	<u>4,915</u>	<u>4,757</u>

VISION

To ensure the club's enduring prosperity by maintaining the club's inherent community values and providing the best possible services and facilities for members and guests.

MISSION

To be the best medium size club in our community.

OBJECTIVES

- Promote the club to the community as an inclusive club and the club of preferred choice.
- Develop a strong marketing and membership campaign.
- Establish strong relations with the local community and corporate sector.
- Build a practical operations plan and continually review and monitor the implementation, outcomes and results.
- Design and implement best management practice throughout the club's operations ensuring quality decision making and maximum workforce productivity.
- Provide the highest level of service and facilities to our members and their guests and visitors.

KEY STRATEGIES

1. Refurbish the premises.
2. Provide a high standard dining facility.
3. Encourage members to make greater use of the club.
4. Develop and maintain a strong marketing strategy.
5. Ensure the enduring viability of the club.
6. Annual review of goals, outcomes and results.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of a Licensed Club conducted for Members and Members' Guests according to the Constitution.

HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES

The principal activities of the club contributed to achieving the objectives by providing a stable base of operations. This ensured the financial stability and generated funds to meet the demands of the company and maintain high levels of service to members and guests.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data for the industry.

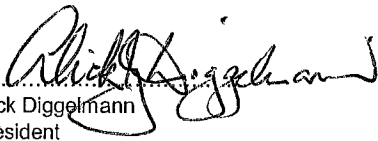
Some of the specific areas reported on and monitored include:

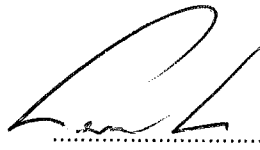
- Earnings before Interest Tax Depreciation and Amortisation (EBITDA)
- Gross Profit Margins
- Expense Ratios and Analysis
- Cash Flow
- Members' Feedback
- Staff Turnover

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration follows and forms part of the directors' report for the financial year ended 30 June 2017.

Dated at Padstow this 9th day of August 2017
Signed in accordance with a resolution of the Directors.


.....
Alick Diggelmann
President


.....
James Perkins
Director

W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

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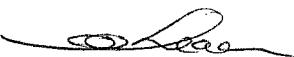
AUDITOR'S INDEPENDENCE DECLARATION

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

To the Directors of Padstow RSL Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.


.....
John C Cheadle
Registered Company Auditor

Dated: 9 August 2017

PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	2	4,062,661	3,769,200
Other income	2	16,118	15,027
Raw materials and consumables used	3	(647,361)	(584,101)
Employee costs		(1,343,568)	(1,275,184)
Entertainment and membership expense		(575,484)	(558,539)
Insurance expense		(56,678)	(53,173)
Poker machine duty		(354,559)	(333,740)
Rates and utilities		(131,864)	(134,354)
Repairs and maintenance expense		(130,135)	(119,619)
Security		(29,218)	(25,233)
Cleaning		(80,779)	(84,254)
Other expenses		<u>(364,190)</u>	<u>(329,892)</u>
Earnings before depreciation expense and finance costs		364,943	286,138
Less			
Depreciation expense	3	(414,166)	(408,705)
Finance costs	3	<u>(118,133)</u>	<u>(28,808)</u>
Profit/(loss) before income tax		(167,356)	(151,375)
Income tax expense		<u>-</u>	<u>-</u>
Net Profit/(Loss) from continuing operations after income tax attributable to members		(167,356)	(151,375)
Other Comprehensive Income		-	-
Total comprehensive income/(loss) for the year		<u><u>(167,356)</u></u>	<u><u>(151,375)</u></u>

The Statement of Comprehensive Income should be read in conjunction with
the accompanying notes to the financial statements

PADSTOW RSL CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	186,892	226,505
Trade and other receivables	6	(557)	(456)
Inventories	7	29,932	25,527
Other current assets	8	44,813	46,358
TOTAL CURRENT ASSETS		<u>261,080</u>	<u>297,934</u>
NON-CURRENT ASSETS			
Financial assets	9	750	750
Property, plant and equipment	10	8,360,404	6,358,536
TOTAL NON-CURRENT ASSETS		<u>8,361,154</u>	<u>6,359,286</u>
TOTAL ASSETS		<u>8,622,234</u>	<u>6,657,220</u>
CURRENT LIABILITIES			
Trade and other payables	11	218,855	164,654
Borrowings	12	293,592	121,944
Provisions	13	80,604	73,157
Other current liabilities	14	14,248	12,800
TOTAL CURRENT LIABILITIES		<u>607,299</u>	<u>372,555</u>
NON-CURRENT LIABILITIES			
Borrowings	12	2,185,557	279,522
Long-term provisions	13	104,563	112,972
TOTAL NON-CURRENT LIABILITIES		<u>2,290,120</u>	<u>392,494</u>
TOTAL LIABILITIES		<u>2,897,419</u>	<u>765,049</u>
NET ASSETS		<u>5,724,815</u>	<u>5,892,171</u>
EQUITY			
Reserves	15	3,379,851	3,379,851
Retained profits		2,344,964	2,512,320
TOTAL EQUITY		<u>5,724,815</u>	<u>5,892,171</u>

The Balance Sheet should be read in conjunction with
the accompanying notes to the financial statements

PADSTOW RSL CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Retained Earnings \$	Asset Revaluation Reserve \$	Total Equity \$
Balance at 1 July 2016		2,512,320	3,379,851	5,892,171
Profit/(Loss) for the year		<u>(167,356)</u>	<u>-</u>	<u>(167,356)</u>
Balance at 30 June 2017		<u>2,344,964</u>	<u>3,379,851</u>	<u>5,724,815</u>
Balance at 1 July 2015		2,663,695	3,379,851	6,043,546
Loss for the year		<u>(151,375)</u>	<u>-</u>	<u>(151,375)</u>
Balance at 30 June 2016		<u>2,512,320</u>	<u>3,379,851</u>	<u>5,892,171</u>

PADSTOW RSL CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Cash from operating activities:		
Receipt from customers	4,078,676	3,786,202
Payments to suppliers and employees	<u>(3,779,938)</u>	<u>(3,489,786)</u>
Net cash provided by operating activities	<u>298,738</u>	<u>296,416</u>
Cash flows from investing activities:		
Expenditure on building and improvements	(2,303,901)	(109,923)
Acquisition of property, plant and equipment	<u>(112,133)</u>	<u>(239,935)</u>
Net cash (used in) investing activities	<u>(2,416,034)</u>	<u>(349,858)</u>
Cash flows from financing activities:		
Additional loans	2,196,900	122,839
Repayment of borrowings	<u>(119,216)</u>	<u>(136,470)</u>
Net cash (used in) financing activities	<u>2,077,684</u>	<u>(13,631)</u>
Net increase/(decrease) in cash and cash equivalents	(39,612)	(67,073)
Cash and cash equivalents at the beginning of the financial year	<u>226,505</u>	<u>293,578</u>
Cash at the end of the financial year	<u><u>186,893</u></u>	<u><u>226,505</u></u>

The Statement of Cash Flows should be read in conjunction with
the accompanying notes to the financial statements

PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts. Unless otherwise stated, such accounting policies are consistent with those used in previous years.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001.

The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements 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.

(b) Income Tax

The company is subject to income tax on its investment income and on the income derived from non-members less all allowable deductions applicable to this assessable income.

Income derived from members is not subject to income tax in accordance with the principle of mutuality.

(c) Inventories

Inventories are measured at the lower of cost and current replacement cost.

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

(d) Property, Plant and Equipment

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

(i) Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of comprehensive income.

The company's properties are now classified as either "Core" or "Non-Core property. Core property is property occupied by the club as licensed premises. The club can only dispose of its core property if the disposal has been approved by a resolution passed by the majority of members. The property must be sold at public auction after valuation by a registered valuer. These requirements do not apply to non-core property, ie, investment properties.

PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

(i) Property (continued)

As the revalued buildings are depreciated the difference between depreciation recognised in the statement of comprehensive income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(ii) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors 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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

(iii) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis or diminishing value basis over the assets useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(iv) Depreciation Rates

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

2.5%
10 - 50%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

PADSTOW RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

When an impairment loss on a revalued asset is identified, this is debited 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 same class of asset.

(f) Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the Club to employee superannuation funds and are charged as expenses when incurred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

PADSTOW RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Revenue (continued)

Membership subscriptions income is recognised as income in the year to which it relates. Revenue from the rendering of services is recognised upon the delivery of service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(j) Goods and Services Tax

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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement of reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the club.

	2017	2016
	\$	\$
2. REVENUE		
Operating activities:		
- Sale of goods	1,604,015	1,397,925
- Commissions	47,179	49,312
- Promotions revenue	96,268	95,010
- Poker machine revenue	2,292,270	2,187,046
- Member subscriptions	12,191	17,000
- Gaming tax rebate	10,738	22,907
Total Revenue	4,062,661	3,769,200
Non-operating activities:		
- Commissions	13,202	14,619
- Sundry income	2,916	408
Total Other Income	16,118	15,027

PADSTOW RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
3. EXPENSES		
Loss has been determined after the following specific expenses:		
- Raw materials and consumables used	647,361	584,101
- Finance costs	118,133	28,808
- Depreciation of property, plant and equipment	414,166	408,705
- Defined contribution superannuation expenses	106,022	100,597
4. INCOME TAX		
(a) Income Tax Expense:		
<p>The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities. In view of these special circumstances, it is not appropriate to compare income tax payable with the net profit disclosed in the Income Statement. No income tax is payable.</p>		
5. CASH AND CASH EQUIVALENTS		
Cash on hand	80,000	80,000
Cash at bank	106,892	146,505
	<u>186,892</u>	<u>226,505</u>
6. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	(557)	(456)
	<u>(557)</u>	<u>(456)</u>
7. INVENTORIES		
Current		
Finished Goods	29,932	25,527
	<u>29,932</u>	<u>25,527</u>
8. OTHER ASSETS		
Current		
Prepayments	44,813	46,358
	<u>44,813</u>	<u>46,358</u>
9. FINANCIAL ASSETS		
Shares in Independent Liquor Group Co-operative - At cost	750	750
	<u>750</u>	<u>750</u>

PADSTOW RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
10. PROPERTY, PLANT AND EQUIPMENT		
LAND & BUILDINGS		
Freehold land at valuation	<u>1,940,000</u>	<u>1,940,000</u>
Clubhouse and surrounds at valuation	7,740,163	5,436,262
Less accumulated depreciation	<u>(1,651,745)</u>	<u>(1,473,907)</u>
	<u>6,088,418</u>	<u>3,962,355</u>
 Total land and buildings - Core Property - see note 1 (d)(i)	 <u>8,028,418</u>	 <u>5,902,355</u>
 PLANT AND EQUIPMENT		
Plant and equipment at cost	3,024,398	3,031,272
Less accumulated depreciation	<u>(2,692,412)</u>	<u>(2,575,091)</u>
	<u>331,986</u>	<u>456,181</u>
 Total property, plant and equipment	 <u>8,360,404</u>	 <u>6,358,536</u>

Revaluation of land and buildings - see note 1 (l)

Under instructions from the Australian and New Zealand Banking Group ("ANZ") for mortgage security purposes a valuation report was carried out on the club's property at 24-28 Howard Road, Padstow. The valuation, dated 11 November 2015 carried out by R. Brandson, Qualified Valuer No. 1793 of M J Davis Valuations Pty Ltd. The property (land and building) was valued at \$6,300,000 based on "Alternative Use" in accordance with the current land zoning. The Board of Directors have reviewed the key assumptions adopted in the valuation and believe the value reflected in the company's books at present is appropriate.

Movements in Carrying Amounts

	Freehold Land at Valuation	Building at Valuation	Plant and Equipment at cost	Total
	\$	\$	\$	\$
Balance at the beginning of year	1,940,000	3,962,355	456,181	6,358,536
Additions at cost	-	2,303,901	112,133	2,416,034
Depreciation	-	(177,838)	(236,328)	(414,166)
Carrying amount at the end of year	<u>1,940,000</u>	<u>6,088,418</u>	<u>331,986</u>	<u>8,360,404</u>

	2017	2016
	\$	\$
11. TRADE AND OTHER PAYABLES		
Current		
Trade payables - unsecured	<u>218,855</u>	<u>164,654</u>

PADSTOW RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
12. BORROWINGS		
Current		
Bank loans - secured (ANZ)	252,648	81,000
Other loans - unsecured	40,944	40,944
	<u>293,592</u>	<u>121,944</u>
Non-Current		
Bank loans - secured (ANZ)	2,165,081	218,100
Other loans - unsecured	20,476	61,422
	<u>2,185,557</u>	<u>279,522</u>
(i) Bank loans are secured by a registered mortgage over the Club's property at 24-28 Howard Road, Padstow. Other loans utilised for the purchase of gaming machines.		
(ii) A Registered Company Charge over all the assets and undertakings of Padstow RSL Club Ltd.		

13. PROVISIONS - EMPLOYEE ENTITLEMENTS

(a) Movement in carrying amounts

Opening balance - 1 July	186,129	157,077
Additional provisions	35,332	42,595
Amounts used	(36,294)	(13,543)
Closing balance - 30 June	<u>185,167</u>	<u>186,129</u>

(b) Analysis of Total Provisions

Current	80,604	73,157
Non-current	104,563	112,972
	<u>185,167</u>	<u>186,129</u>

Provision for Short-term Employee Benefits

A provision has been recognised for employee benefits relating to current long service leave and annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to long service leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

14. OTHER LIABILITIES

Current

Subscriptions in advance	<u>14,248</u>	<u>12,800</u>
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
15. RESERVES		
Asset Revaluation Reserve		
Asset revaluation reserve		
Opening balance - 1 July	3,379,851	3,379,851
Closing balance - 30 June	<u>3,379,851</u>	<u>3,379,851</u>

The asset revaluation reserve records revaluations of non current assets.

16. CONTINGENT ASSETS AND LIABILITIES

The directors are not aware of any contingent liabilities as at the date of this report.

17. KEY MANAGEMENT PERSONNEL

Names and positions held of key management personnel in office at any time during the financial year are:

Alick Diggelmann	Director
James Perkins	Director
Michael Ferguson	Director
Mark Brady	Director
Steve Ambrose	Director
Bryan Staples	Director
Christine Shaw	Director
Ross Brown	Director (Retired 26 October 2016
Barry Scott	Director (Retired 26 October 2016)
Phillip McCormack	Director (Retired 26 October 2016)
Sharon Gammone	General Manager

18. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the financial year.

PADSTOW RSL CLUB LIMITED
ABN 22 001 034 126

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
19. CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net income/(loss) for the period	(167,356)	(151,375)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation, amortisation and impairments	414,166	408,705
Changes in assets and liabilities		
(Increase)/decrease in receivables	101	1,291
(Increase)/decrease in other assets	1,545	(4,644)
(Increase)/decrease in inventories	(4,405)	9,755
Increase/(decrease) in trade payables	54,201	2,949
Increase/(decrease) in provisions	(962)	29,052
Increase/(decrease) in other liabilities	1,448	654
Net cash provided by operating activities	<u>298,738</u>	<u>296,387</u>
20. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Payable		
- Not later than 12 months	40,944	40,944
- Between 12 months and 5 years	20,476	55,836
(b) Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
Capital expenditure building refurbishment	-	2,200,000

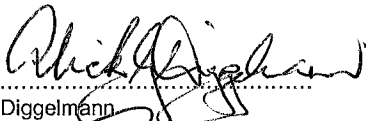
PADSTOW RSL CLUB LIMITED
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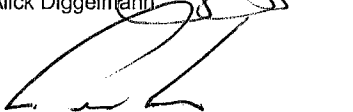
DIRECTORS' DECLARATION

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position of the Club as at 30 June 2017 and of the performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Club 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.

Director: 
Alick Diggelmann

Director: 
James Perkins

Sydney

Dated this 9th day of August 2017

W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

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BRADLEY TURNER C.A.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PADSTOW RSL CLUB LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Padstow RSL Club Limited which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility 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 (including the Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

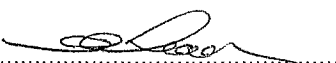
Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In my opinion the financial report of Padstow RSL Club Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.


John C Cheadle
Registered Company Auditor
Dated: 9 August 2017