



Strathfield Recreation Club Limited

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2015

President's Report

In this report I make reference to my previous report, to assess if the Board has actually moved in the intended direction. Generally it seems as though, on all fronts, the Board has progressed towards achieving the set goals stated at the beginning of our tenure ie:

1. Upgrading the club house
2. Upgrading the grounds
3. Promoting of tennis

To date the following milestones have been ticked off:

- Master plan, staging strategies and costing plans completed for future building works.
- Architects fully briefed and instructed to proceed to produce a DA of proposed works for submission to Council before next AGM.
- Plans to improve onsite parking by providing parking where court 1 is now
- Ground maintenance contract has been organised to ensure the high quality of landscape upkeep
- The grass court roller has been repaired and is again being used to improve the playing surface of our grass courts.
- Two additional courts are now lit for night time play allowing optimum use of these tennis facilities.
- Upgraded LED lighting has been installed to courts 10 and 11 and vastly improves their 'playability' while substantially reducing our power bills.
- Similar lighting upgrade proposals to courts 2 to 5 are currently being considered by Council and when approved will be installed early in 2016.
- The promotion of tennis is proceeding well with several internal competitions introduced and contacts being further cemented with NSW Seniors and Tennis Australia.
- The Club is continuing to do well in Badge tennis by substantially lifting the standard of our tennis representation, winning several grades and increasing our team numbers.
- The Club is also proud to be associated with Meridan School and its World Champion Girls Teams

While the above milestones indicate that all the positive ambitions we harboured at the beginning of the year are being realised, the year to date has not been as easy as we would have hoped for. Within the boundaries of the Club we have generally done well to plan for the future, however we live within a rapidly changing precinct.

Our immediate neighbourhood, that has traditionally been low rise low density housing and retail has recently been rezoned B4 mixed business. This change of zoning has increased the development potential of all those properties allowing owners to sell to developers at greatly increased prices. The developers, in turn are now taking advantage of the profit potential of these sites and are submitting Development Applications for structures up to nine storeys in height. Burwood Council in turn has encouraged developers to take advantage of other provisions in planning legislation that could allow these developments to increase in size by up to a further 25%.

The future effect of these changes on the Club's property is going to be very serious. Buildings of 9 to 13 storeys along Lyons Street and along our eastern boundary are quite probable over the next few years. The accompanying problems of shadow projection, traffic generation, parking and privacy will need to be dealt with by the Club.

Already there have been proposals that will adversely affect the Club and already we are experiencing pressures with neighbouring developments. In all instances to date the Board has sought to do its best to defend the interests of the Club members and on several occasions have made submissions to Burwood Council objecting to the development proposals that would adversely affect the Club. Unfortunately, we cannot claim to have had much success even when independent advice supported our claims.

The most frustrating aspect of this situation is that the Board spends a lot of time ensuring the Club survives at the expense of ensuring that the Club revives and thrives.

As we fast approach the end of our tenure the Board cannot claim all the accolades for the achievements and battles because, we realise the real work has been done by Chris Dunn and the Club staff. For their great efforts we express our appreciation for a job well done.

Anyway, The Board continues to do it, best. We are all enjoying contributing to the Club and hopefully we can present some exciting plans and proposals for 2016 at the AGM in February.

Till then enjoy the Christmas season and be optimistic for 2016

Regards Bob Bow
President

General Managers Report

It is with great pleasure that I present to you the General Managers Report for 2015.

The club industry as a whole continues to struggle with the number of clubs closing each year continuing to rise with almost one club closing or amalgamating every two weeks. The industry continues to face challenges with the everlasting threat of poker machine reform and increased smoking regulations all threatening the viability of the industry. However Strathfield Sports Club continues to buck the trend and are one of the most profitable small clubs in NSW.

As mentioned in the Presidents report, the new Board for 2015 has recognised the need to improve the club facilities and has engaged the services of Nicholas Architects to put together a master plan for SSC that will see us modernise the club for the future. The board recognises the club has a number of limitations in its current form, such as a lack of parking, ageing facility and a building that requires improvements to be brought up to code. This has been included in the architectural brief and the Board hopes to have more information to present at the upcoming AGM, Sunday 28th of February 2016. I encourage all members to attend.

SSC has posted a Net Profit of \$1,154,189, compared against a \$672,178 profit achieved in 2014. This represents an increase of \$482,641 or 72%. This was more encouraging given the Board made the decision to write off an existing capitalised expense of \$352,100 which related to previous money spent on development costs. This was a non cash item, however it has adjusted our profit accordingly. Adding back this item expense for the purpose of measuring trade, the club would have posted a \$1,506,919 profit which is a tremendous result.

The club achieved an Ebitdard of 41% against an industry benchmark of 15%. Ebitdard is seen as the key performance indicator for the club industry with currently 75% of clubs having an Ebitdard less than 15%.

A breakdown of the clubs income by department is as follows:

Bar Trading

SSC bar sales totalled \$1,016,388 up \$178,515 on 2014, an increase of 21%. Bar G.P of 55.8% SSC is fortunate to have good caterers and the reputation of Red Pepper has meant that the club continues to get busier every year. During 2014 Red Pepper was found in a number of good food articles and much of the increase in bar sales can be attributed to this.

Tennis Revenue

Membership Subscriptions totalled \$73,815 up \$8,069 on 2014, an increase of 12%. Tennis court hire and visitor fees totalled \$142,301.89, an increase of \$22,008 or roughly 18%. Total Income from tennis related activities was \$216,116.89 equating to 5% of the clubs revenue.

Gaming Revenue

Gaming Revenue totalled \$2,803,561 up \$788,039 on 2014, an increase of 39%. Gaming revenue is a significant part of the clubs revenue accounting for 65% of total revenue. SSC is

currently ranked 8th in the state for profit per machine. Constant speculation surrounding gaming reform does mean that SSC will need to look at additional revenue streams if we are to survive in the future. Recent studies have shown that poker machine participation rates are decreasing every year, with threats from online gaming and sports betting contributing to this trend.

Rental Income

Total rent received for 2015 was \$127,739.20, slightly down \$2,962 on 2014. Rental income consists of income generated from our contractors including Golden Goal, Red Pepper and Strathfield Billiards as well as some paid parking and is a valuable source of income for the club.

Overall, the club is in a sound financial position. The club has no significant debt in place and we have positive cash reserves which will allow the club to reinvest money back into the club facilities bringing them to a modern standard. 2016 is already shaping as another great year, with the first quarter being very strong with a net profit of approximately \$350k setting us up for another successful year.

Finally a number of people to thank. Firstly to the Board of Directors. 2015 saw some major changes to the Board and the new Board has embraced the role with vigour. The Board set out with a mandate and is well on its way to achieving it. A thank you to President Bob Bow for all his work behind the scenes. We recognise that that this is a volunteer job, so putting in countless hours of time and effort to attend club meetings is much appreciated. Also a thank you to Mark Padd for chairing the tennis committee. Mark took over as Badge Captain after Steve Crass finished at the club. We know what big shoes he has had to fill and has done a great job.

A big thank you to all the staff. It has been a great year and all staff play a part in the club success. We have a great team who work collaboratively to get the job done.

I must single out two staff members who assist me directly on a day to day basis. Andrew Kang, SSC Bar manager for his continued work at the club but also stepping in as Manager in my absence. Keri Sultmann, Book keeper and administration assistant. Keri has been in the role for over twelve months now and is doing a fantastic job. A big thank you to the both of you.

I would like to finally wish all Tennis Members the best for 2016. We have a big year ahead and I look forward to working with everybody in achieving the best result possible for Strathfield Sports Club.

Chris Dunn
General Manager

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Contents

For the Year Ended 30 September 2015

Financial Statements	Page
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	23
Independent Audit Report	24

Directors' Report

30 September 2015

The directors present their report on Strathfield Recreation Club Limited for the financial year ended 30 September 2015.

Directors

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

Names

SHEEHAN, Colin	Not Re-Elected	1/02/2015
HANKINSON, Greg	Not Re-Elected	1/02/2015
KING, Graham	Re-Elected	1/02/2015
LOW, Philip	Re-Elected	1/02/2015
CHAN, Dennis	Re-Elected	1/02/2015
BOW, Robert	Re-Elected	1/02/2015
HART, Daryl	Elected	1/02/2015
PADD, Mark	Elected	1/02/2015
JAMES, Rod	Elected	1/02/2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Strathfield Recreation Club Limited during the financial year was to provide members and their guests with the amenities and facilities usually associated with the promotion of lawn tennis, soccer and associated indoor recreation.

No significant changes in the nature of the Club's activity occurred during the financial year.

Short term objectives

The Board sees the long term vision supplemented by a 12 month vision that achieves the following:

- An upgrading of the physical standards of the existing building and grounds;
- An assertion of the Club's position within the community and immediate precinct to ensure external development pressures do not engulf the operational and aesthetic amenity of the facilities;
- Promotion and expansion of the game of tennis within, and external to the Club grounds; and
- Continue and extend the successful trends of the present financial situation.

Long term objectives

The Board has a long term perception of the Club's future that will see it:

- Survive the economic, demographic and physical pressures that will confront the Club in coming years;
- Lift its physical, administrative and promotional standards to competitive levels; and
- Prosper, through increased membership and sporting participation.

Directors' Report

30 September 2015

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- look at all options to improving the club facility in order to cater for our growing patronage, while at the same time bringing up the clubhouse facility to a modern standard and ensuring compliance with all the regulatory codes.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

SHEEHAN, Colin

Qualifications Retired, Admin-NSW Police Force

Special responsibilities Vice President, Tennis Committee

HANKINSON, Greg

Qualifications Retired Chemist

KING, Graham

Qualifications B.Engineering (USYD), Dip Power Engineering (USYD), Dip Business, Cert IV Res Building Construction

LOW, Philip

Qualifications Administration/Financial Accountant

CHAN, Dennis

Qualifications B. Com Major in Accounting & Finance (UNSW), CA

BOW, Robert

Qualifications B.Build (QS), B.Sc(Arch), B.Arch (hons), [UNSW], A.R.A.I.A

Special responsibilities President

HART, Daryl

Qualifications IT Portfolio Manager, Senior Project Manager, Prince 2 Certified

Special responsibilities Vice President, Tennis Committee

PADD, Mark

Qualifications B.Pharmacy

Special responsibilities Vice President, Tennis Committee

JAMES, Rod

Qualifications Dip in Jazz Studies, Cert Electronics Trade, Open Cabling License

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Strathfield Recreation Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$6 subject to the provisions of the company's constitution.

Directors' Report

30 September 2015

At 30 September 2015 the collective liability of members was \$ 4,674 (2014: \$ 4,626).

Meetings of directors

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
SHEEHAN, Colin	3	3
HANKINSON, Greg	3	2
KING, Graham	11	7
LOW, Philip	11	10
CHAN, Dennis	11	10
BOW, Robert	11	11
HART, Daryl	8	7
PADD, Mark	8	8
JAMES, Rod	8	6

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 September 2015 has been received and can be found on page 4 of the financial report.

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

Director:
PADD, Mark

Director:
LOW, Philip

Dated 6.1.2016

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Strathfield Recreation Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2015, 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.



PKF
Chartered Accountants



SCOTT TOBUTT
Partner

Date 6 January 2016

Level 8, 1 O'Connell Street, Sydney NSW 2000

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 830 861 839

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approved under Professional
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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2015

	Note	2015 \$	2014 \$
Revenue			
Revenue from ordinary activities	2	4,281,345	3,286,565
Expenses			
Raw materials and consumables used		(504,328)	(432,323)
Employee benefits expense	3	(686,638)	(902,245)
Depreciation	3	(91,734)	(94,549)
Borrowing expenses	3	(3,428)	(9,458)
Other operating expenses	3	(1,488,298)	(1,175,812)
Write off of capital improvements		(352,100)	-
Profit before income tax		1,154,819	672,178
Income tax expense		-	-
Profit for the year		1,154,819	672,178
Other comprehensive income			
Revaluation of property		-	15,992,457
Total comprehensive income for the year		1,154,819	16,664,635

Statement of Financial Position

As At 30 September 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,463,900	1,258,685
Trade and other receivables	5	28,503	55,312
Inventories	6	29,595	17,526
Other assets	7	55,034	25,571
TOTAL CURRENT ASSETS		2,577,032	1,357,094
NON-CURRENT ASSETS			
Property, plant and equipment	8	22,458,073	22,532,744
Intangible assets	9	471,050	471,050
TOTAL NON-CURRENT ASSETS		22,929,123	23,003,794
TOTAL ASSETS		25,506,155	24,360,888
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	132,584	162,070
Borrowings	11	66,249	31,069
Employee benefits	12	120,787	127,618
Other liabilities	13	48,742	49,782
TOTAL CURRENT LIABILITIES		368,362	370,539
NON-CURRENT LIABILITIES			
Borrowings	11	-	8,415
Other liabilities	13	5,000	3,960
TOTAL NON-CURRENT LIABILITIES		5,000	12,375
TOTAL LIABILITIES		373,362	382,914
NET ASSETS		25,132,793	23,977,974
EQUITY			
Reserves		20,895,146	20,895,146
Retained earnings		4,237,647	3,082,828
TOTAL EQUITY		25,132,793	23,977,974

Statement of Changes in Equity

For the Year Ended 30 September 2015

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 October 2014	3,082,828	20,895,146	23,977,974
Profit for the year	1,154,819	-	1,154,819
Balance at 30 September 2015	4,237,647	20,895,146	25,132,793

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 October 2013	2,410,650	4,902,689	7,313,339
Profit for the year	672,178	-	672,178
Revaluation increment	-	15,992,457	15,992,457
Balance at 30 September 2014	3,082,828	20,895,146	23,977,974

Statement of Cash Flows

For the Year Ended 30 September 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,725,797	3,565,287
Payments to suppliers and employees	(3,180,250)	(2,801,445)
Interest received	13,372	14,412
Interest and other costs of finance	(3,428)	(9,458)
Net cash provided by (used in) operating activities	<u>1,555,491</u>	<u>768,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant & equipment	<u>(377,041)</u>	<u>(116,673)</u>
Net cash used by investing activities	<u>(377,041)</u>	<u>(116,673)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	<u>26,765</u>	<u>(10,971)</u>
Net cash used by financing activities	<u>26,765</u>	<u>(10,971)</u>
Net increase (decrease) in cash and cash equivalents held	1,205,215	641,152
Cash and cash equivalents at beginning of year	<u>1,258,685</u>	<u>617,533</u>
Cash and cash equivalents at end of financial year	<u><u>4</u> 2,463,900</u>	<u><u>1,258,685</u></u>

Notes to the Financial Statements

For the Year Ended 30 September 2015

The financial statements are for Strathfield Recreation Club Limited as an incorporated individual entity incorporated and domiciled in Australia. Strathfield Recreation Club is a Club limited by guarantee.

1 Summary of Significant Accounting Policies

(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*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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) Revenue and other income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Plant and equipment is measured using the cost model and land and building is measured using the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Notes to the Financial Statements

For the Year Ended 30 September 2015

1 Summary of Significant Accounting Policies continued

(d) Property, Plant and Equipment continued

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use. Land is not depreciated.

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

Fixed asset class	Depreciation rate
Buildings	[1 - 20%]
Plant and Equipment	[2.5 - 50%]
Motor Vehicles	[12%]

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.

(e) Intangible Assets

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have indefinite life and are tested annually for impairment and carried at cost less any accumulated amortisation and impairment losses.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Club commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

Notes to the Financial Statements

For the Year Ended 30 September 2015

1 Summary of Significant Accounting Policies continued

- (a) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Club does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Club assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 September 2015

1 Summary of Significant Accounting Policies continued

Fair value continued

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of noncash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting year, the Club 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. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other 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 Club 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 individual asset, the Club estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

Where 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.

(h) Employee benefits

Provision is made for the Club'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 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 twelve months 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 national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(i) 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 statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 September 2015

1 Summary of Significant Accounting Policies continued

(j) 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.

(k) Income Tax

No provision for income tax has been raised as the Club is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(m) Trade and other payables

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

(n) Leases

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

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

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

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 September 2015

1 Summary of Significant Accounting Policies continued

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments 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.

Key estimates - impairment

The Club assesses impairment at the end of each reporting year by evaluating conditions specific to the Club that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 September 2015, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of land and buildings

The Club carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

An independant valuation of freehold land and buildings situated at 4a Lyond Street, Strathfield NSW 2135 was undertaken on the 30th of July 2014 resulting in a fair value adjustment of \$15,992,457 being recognised for the 2014 financial year. The reason for the large movement in land and buildings is attributable to part of the land being rezoned this year to Mixed Use. The independant valuation was carried out by MVS valuers.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2015	2014
\$	\$

2 Revenue and Other Income

Revenue from continuing operations

Operating Activities:

- Membership and subscriptions	73,815	65,746
- Bar sales	1,016,388	837,873
- Poker machine clearance (net of payouts)	2,803,561	2,015,522
- Rents	127,739	130,701
- Other sales revenue	229,978	222,311

Other income

- Interest received	29,864	14,412
	<u>4,281,345</u>	<u>3,286,565</u>

3 Result for the Year

(a) Expenses

Depreciation of non-current assets:

Buildings	82,539	54,186
Plant and equipment	695	30,392
Other	8,500	9,971
	<u>91,734</u>	<u>94,549</u>

Borrowing costs:

Interest on Loan	3,428	9,458
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Employee benefits expense:

Salary and employee benefit expense	618,051	807,746
Contributed superannuation	57,565	78,490
Other employment costs	11,022	16,009
	<u>686,638</u>	<u>902,245</u>

Notes to the Financial Statements

For the Year Ended 30 September 2015

2015	2014
\$	\$

3 Result for the Year continued

(a) Expenses continued

Other operating expenses:

Accounting and auditing	31,690	40,557
Advertising and promotions	4,478	10,410
Bank fees and charges	22,683	3,253
Cleaning and rubbish removal	25,870	38,883
Computer expenses and Internet expenses	20,257	28,672
Consulting expense and legal	3,514	31,027
Donations and community support program	138,238	48,712
Entertainment - non deductible	39,661	34,607
Event and function expenses	8,734	11,819
Fines	-	170
General and administration	3,839	6,075
Hire/rent of plant and equipment	167,523	151,069
Hire purchase charges	526	2,542
Insurances	50,176	40,503
Keno expense	10,570	3,803
Materials and supplies	47,622	21,484
Light, power and rates	81,646	91,066
Other administration charges	48,793	62,887
Poker machine tax	448,032	289,019
Registration and subscriptions	21,491	9,274
Repairs and maintenance	194,032	129,712
Security	118,923	120,268
	<u>1,488,298</u>	<u>1,175,812</u>

4 Cash and cash equivalents

Cash on hand	196,926	61,295
Cash at bank	<u>2,266,974</u>	<u>1,197,390</u>
	<u>2,463,900</u>	<u>1,258,685</u>

5 Trade and other receivables

CURRENT

Trade receivables	<u>28,503</u>	<u>55,312</u>
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Notes to the Financial Statements

For the Year Ended 30 September 2015

	2015	2014
	\$	\$
6 Inventories		
CURRENT		
At cost:		
Stock on hand	29,595	17,526
7 Other Assets		
CURRENT		
Prepayments	55,034	25,571
8 Property, plant and equipment		
LAND AND BUILDINGS		
Freehold land		
At independent valuation	20,592,457	20,592,457
Buildings		
At cost	2,209,655	1,947,931
Accumulated depreciation	(598,760)	(549,419)
	1,610,895	1,398,512
Plant and equipment		
At cost	1,324,173	1,216,110
Accumulated depreciation	(1,069,452)	(1,035,048)
	254,721	181,062
Motor vehicles		
At cost	-	7,082
Accumulated depreciation	-	(2,429)
	-	4,653
Future capital improvements		
At cost	-	356,060
	22,458,073	22,532,744

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Land	Buildings	Plant and Equipment	Future capital improvement	Motor Vehicles	Total
\$	\$	\$	\$	\$	\$

Notes to the Financial Statements

For the Year Ended 30 September 2015

				2015	2014
				\$	\$
8 Property, plant and equipment continued					
Year ended 30 September 2015					
Balance at the beginning of year	20,592,457	1,398,512	181,062	356,060	4,653
Additions	-	261,724	115,317	-	-
Disposals - written down value	-	-	-	(356,060)	(4,028)
Depreciation	-	(49,341)	(41,768)	-	(625)
Balance at the end of the year	<u>20,592,457</u>	<u>1,610,895</u>	<u>254,611</u>	<u>-</u>	<u>22,457,963</u>

Independent valuation of land and buildings

An independent valuation of freehold land and buildings situated at 4a Lyons Street, Strathfield NSW 2135 was undertaken on the 30th of July 2014 resulting in a fair value adjustment of \$15,992,457 being recognised for the 2014 financial year. The reason for the large movement in land and buildings is attributable to part of the land being rezoned this year to Mixed Use. The independent valuation was carried out by MVS valuers.

The valuation of freehold land and buildings was based on the assessment of their current fair value. The directors have made an assessment this year and are satisfied there is no material change.

9 Intangible Assets

Poker machine entitlements		
Cost	471,050	471,050

10 Trade and other payables

CURRENT		
Trade payables	68,178	56,405
Payroll accrual	18,670	70,322
GST payable	45,736	35,343
	<u>132,584</u>	<u>162,070</u>

Notes to the Financial Statements

For the Year Ended 30 September 2015

2015
\$

2014
\$

11 Borrowings

CURRENT

Secured liabilities:

Other loans

66,249 31,069

NON-CURRENT

Secured liabilities:

Other loans

- 8,415

12 Provisions

CURRENT

Provision for employee benefits

120,787 127,618

	Annual Leave	Long Service Leave	Sick Leave	Total
	\$	\$	\$	\$
Opening balance at 1 October 2014	42,736	48,062	36,820	127,618
Additional provisions during the year	26,636	3,193	13,318	43,147
Amounts used	(17,987)	(19,689)	(12,302)	(49,978)
Balance at 30 September 2015	51,385	31,566	37,836	120,787

13 Other liabilities

CURRENT

Advance payments - members subscriptions

30,329 30,329

Advance payments - GST rebates

11,453 11,453

Rental Bond

6,960 8,000

48,742 49,782

NON-CURRENT

Rental Bond

5,000 3,960

Notes to the Financial Statements

For the Year Ended 30 September 2015

	2015 \$	2014 \$
14 Reserves and retained surplus		
Asset revaluation reserve - land and buildings		
Opening balance	20,742,457	4,750,000
Revaluations during the year	-	15,992,457
	<u>20,742,457</u>	<u>20,742,457</u>
Capital profits reserve		
Opening balance	152,689	152,689
Total reserves	<u>20,895,146</u>	<u>20,895,146</u>

(a) Asset revaluation reserve

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

15 Leasing Commitments

(a) Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	138,995	128,295
- between one year and five years	92,580	120,491
	<u>231,575</u>	<u>248,786</u>

Operating leases have been taken out for gaming machines and office equipment.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2015	2014
\$	\$

16 Financial Risk Management

The main risks Strathfield Recreation Club Limited is exposed to through its financial instruments are credit risk and liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2015 \$	2014 \$
Financial Assets		
Cash and cash equivalents	2,463,900	1,258,685
Trade and other receivables	28,503	55,312
Total financial assets	2,492,403	1,313,997
Financial Liabilities		
Trade and other payables	132,584	162,070
Borrowings	66,249	39,484
Total financial liabilities	198,833	201,554

17 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club is \$ 133,250 (2014: \$ 433,614).

18 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2015 (30 September 2014: None).

19 Related Parties

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

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

Directors' Declaration

21 Company Details

The registered office of and principal place of business of the club is:

Strathfield Recreation Club Limited

4a Lyons Street

Strathfield NSW 2135

Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 September 2015 and of the performance for the year ended on that date of the Club.
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

RADD, Mark

Director

LOW, Philip

Dated

6-1-2016

Strathfield Recreation Club Limited
ABN: 67 000 001 178

Independent Audit Report to the members of Strathfield Recreation Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Strathfield Recreation Club Limited, which comprises the statement of financial position as at 30 September 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Club's preparation of the financial report that gives a true and fair view 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 Club'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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Strathfield Recreation Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 650 861 839

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approved under Professional
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Strathfield Recreation Club Limited
ABN: 67 000 001 178

Independent Audit Report to the members of Strathfield Recreation Club Limited

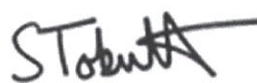
Opinion

In our opinion the financial report of Strathfield Recreation Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Club's financial position as at 30 September 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



PKF
Chartered Accountants



SCOTT TOBUTT
Partner

Date 6 January 2016

Level 8, 1 O'Connell Street, Sydney NSW 2000