

# **Strathfield Recreation Club Limited**

ABN: 67 000 001 178

## **Financial Statements**

For the Year Ended 30 September 2016

## President's Report

The Board's aim this year was to progress the Club physically, socially and financially. At the same time it supported the Management and Staff in administering the Club.

The Annual Report offers an opportunity to me to convey to the members what progress has been made since the last report and to give some insight into the problems and prospects facing us in the coming year.

Earlier this year the Board had anticipated that 2016 would be a very disrupted year owing to our keen expectation that our plans for upgrading the Club's facilities would pass efficiently through council. Unfortunately, this optimism was not reflected in reality and it was only in the last month that our Development Approval was granted.

At an update presentation I gave last week at the Club Christmas party I indicated that the only upside of this situation was that the extra delay allowed us to accumulate more capital for financing the project.

Meanwhile the Club grounds and courts have been very well maintained, new lights have been installed on all but two courts and Futsal facilities are currently being brought up to a suitably high standard.

The Club has held off carrying out non critical maintenance on the clubhouse and car park as any work in those areas could become redundant within the coming year. Members who notice any deterioration in the fabric of the clubhouse and car park should bear in mind that when all the stage 1 works are complete all dilapidated items will have been attended to.

The architects and engineering consultants have been instructed to proceed to documenting works so that the project can be tendered by qualified builders in May 2017.

The coming year will be characterised by substantial dislocation to the club both in physical and organisational terms as the building project will be staged to ensure the Club can function during construction. Any inconvenience to members and staff, caused by the construction works should be viewed with the knowledge that the project, when completed will provide substantially improved Club facilities and services.

The Board of directors sees Strathfield Sports Club as being an enthusiastic participant in the local community. One of the most rewarding aspects of being on the Board is to be involved in the distribution of monies to charities and local community organisations. Because of the ongoing financial success of the Club the funds distributed in 2016 exceeded any previous year.

Over the past year many of the neighbouring properties have been granted development consent within the bounds of the B4 zoning. This ensures the prospect of further diminishment of the Club amenity, especially in terms of solar access and vehicle congestion. Add to this the prospect of many of those developments exceeding the allowed 9 storeys and we have a situation that the Board will need to monitor and react to.

The year of 2016 has seen an upsurge in the number of members involved in competitive tennis. There are several internal competitions and our Badge teams have increased 50% over the 2015

year. All Strathfield badge teams reached the semi finals of their respective grades and two came away with pennants. It is expected that 2017 will again see a further increase in badge team numbers and hopefully the inclusion of a woman's team. It has been of particular concern to the Board that the Club is not attracting many women and girls to play at the club so it should be an aim of the Club to improve that situation in the coming year.

In keeping with long term strategies of the Club, the Board recently took the decision to diversify its income by purchasing the Golden Goal futsal business that had been successfully run for several years by independent operators. The purchase will not only allow the Club to broaden its income base but will allow it to eventually create a new paid position within the organisation for a sports manager. The sports manager's position will coordinate, promote and organise tennis and futsal within the Club and will contribute greatly to the stimulus of sports participation.

There have been many social occasions promoted and supported during the year. Activities such as barbeques ,badge semi final promotion ,badge presentation day, \$5 lunch days and several Christmas celebrations have been well attended. These events have gone a long way towards building a closer knit tennis group and stimulating more camaraderie between members.

The underlying reason for the successes of the Club is the fact that the management and staff have been able to achieve another record financial result this year. The Board is very appreciative of everyone's contribution and their enthusiasm for the Club.

While it has been relatively easy to be president of a club that is so financially successful, this may not always be the case. Over the next two-year period the Club will be taking on certain calculated and conservative risks and there will be responsibilities to be accepted once the building contract is signed. It is thus the view of the Board that it would be in the interest of the Club if the Board could have a continuity of tenure so that the building process can be conducted with consistency. The Board will be putting to the next AGM that the constitution be altered to allow for Boards of Directors to be elected bi annually. This concept is in accord with recommendations of Clubs NSW and further documentation will be provided to members prior to the AGM.

Year 2017 looms as an exciting period for the Club with many expectations and some risks but most of all a time of optimism for moving the Club confidently forward.

I hope to see as many of you as possible at the AGM in January.

Best wishes for 2017

Bob Bow

President SSC

## General Managers Report

It is with great pleasure that I present to you the General Managers Report for 2016, a year when records continue to be broken. The club has had a record trading year with a profit of \$1.7 million profit being posted. A quick snap shot of how this compares to 2015:

	2015	2016		Change %
<b>Bar Sales</b>	\$ 1,016,388	\$ 1,264,262	\$ 247,874	24.39
<b>Gaming Revenue</b>	\$ 2,803,561	\$ 3,001,395	\$ 197,834	7.06
<b>Tennis Revenue</b>	\$ 214,841	\$ 195,805	-\$ 19,036	-8.86
<b>Total Club Revenue</b>	\$ 4,281,345	\$ 4,739,932	\$ 458,587	10.71
<b>Profit</b>	\$ 1,154,819	\$ 1,715,014	\$ 560,195	48.51

The club achieved an Ebitdard of 42% 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 of less than 15%.

While these reports are very satisfying, the club has also been successful in securing DA approval for an upgrade of the club's facilities. Due to continual growth of the club, the current facility is no longer adequate to meet demand. The board was forced to make some important decisions, and some that were not taken lightly. The decision to remove court 1 to make way for additional parking will essentially allow us to double our car parking space. This has been a problem that has plagued us for as long as we can remember. A new car park will come with a boom gate which allow us to better monitor usage, but also ensure our members have access to parking when using club facilities.

Another major development for 2016/2017 was the purchase of the Golden Facility. As you would all be aware Golden Goal commenced at Strathfield in 2009 and has been very successful. An opportunity came about for us to take control of this, presenting new revenue streams for the club. We are already exploring a number of new opportunities that this will bring and hope to have more to report in 2017.

As discussed in previous years, the club has a heavy dependence on gaming revenue. It is important that we are looking at ways to diversify our income streams to ensure we are equipped to cope with any potential threats to the gaming industry. Golden Goal is the first step in doing this and through expansion of the club, we are hopeful that further opportunities will arise.

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 into 2017.

A big thank you to the Board of Directors, led by President Bob Bow. The Board has set out to achieve a number of objectives and are well on the way to doing this. All directors are volunteers of the Club and they put in countless hours and should be recognised.

Thank you to all the Staff. We have a great team who assist me running the club on a day to day basis. Your work does not go unnoticed.

Finally, I would like to wish all Tennis Members the best for 2017. We thank you for your continued support as we embark on 2017, which is shaping up to be instrumental in the club's future.

Chris Dunn

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

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## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Directors' Report

30 September 2016

The directors present their report on Strathfield Recreation Club Limited for the financial year ended 30 September 2016.

#### Directors

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

##### Names

KING, Graham  
LOW, Philip  
CHAN, Dennis  
BOW, Robert  
HART, Daryl  
PADD, Mark  
JAMES, Rod

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.

#### 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.

## Strathfield Recreation Club Limited

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### Directors' Report

30 September 2016

#### Information on directors

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

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.

At 30 September 2016 the collective liability of members was \$ 2,070 (2015: \$ 4,674).

**Strathfield Recreation Club Limited**

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**Directors' Report**

**30 September 2016**

**Meetings of directors**

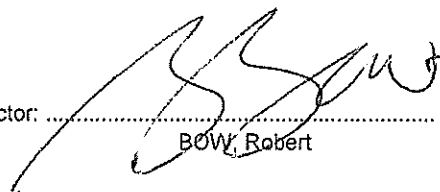
During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

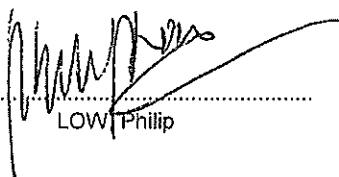
	Directors' Meetings	
	Number eligible to attend	Number attended
KING, Graham	12	8
LOW, Philip	12	11
CHAN, Dennis	12	8
BOW, Robert	12	11
HART, Daryl	12	12
PADD, Mark	12	11
JAMES, Rod	12	8

**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 2016 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:   
BOW, Robert

Director:   
LOW, Philip

Dated 6/12/16,



**Strathfield Recreation Club Limited**

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**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 2016, 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

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

**Strathfield Recreation Club Limited**

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**Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 30 September 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Revenue from ordinary activities	2	4,739,932	4,281,345
<b>Expenses</b>			
Raw materials and consumables used		(598,394)	(504,328)
Employee benefits expense	3	(733,193)	(686,638)
Depreciation	3	(127,242)	(91,734)
Borrowing expenses	3	(3,023)	(3,428)
Other operating expenses	3	(1,563,066)	(1,488,298)
Write off of capital improvements		-	(352,100)
<b>Profit before income tax</b>		<b>1,715,014</b>	<b>1,154,819</b>
Income tax expense	1(k)	-	-
<b>Profit for the year</b>		<b>1,715,014</b>	<b>1,154,819</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,715,014</b>	<b>1,154,819</b>

The accompanying notes form part of these financial statements.

**Strathfield Recreation Club Limited**

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**Statement of Financial Position**

As At 30 September 2016

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,693,175	2,460,886
Trade and other receivables	5	15,354	28,503
Inventories	6	25,547	29,595
Other assets	7	96,871	55,025
<b>TOTAL CURRENT ASSETS</b>		<b>3,830,947</b>	<b>2,574,009</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	22,915,868	22,458,073
Intangible assets	9	471,050	471,050
<b>TOTAL NON-CURRENT ASSETS</b>		<b>23,386,918</b>	<b>22,929,123</b>
<b>TOTAL ASSETS</b>		<b>27,217,865</b>	<b>25,503,132</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	160,553	132,584
Borrowings	11	84,379	63,226
Employee benefits	12	74,468	120,787
Other liabilities	13	50,658	48,742
<b>TOTAL CURRENT LIABILITIES</b>		<b>370,058</b>	<b>365,339</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	13	-	5,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>5,000</b>
<b>TOTAL LIABILITIES</b>		<b>370,058</b>	<b>370,339</b>
<b>NET ASSETS</b>		<b>26,847,807</b>	<b>25,132,793</b>
<b>EQUITY</b>			
Reserves	14	20,895,146	20,895,146
Retained earnings		5,952,661	4,237,647
<b>TOTAL EQUITY</b>		<b>26,847,807</b>	<b>25,132,793</b>

The accompanying notes form part of these financial statements.

**Strathfield Recreation Club Limited**

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**Statement of Changes in Equity**

**For the Year Ended 30 September 2016**

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 October 2015	4,237,647	20,895,146	25,132,793
Profit for the year	1,715,014	-	1,715,014
Balance at 30 September 2016	<u>5,952,661</u>	<u>20,895,146</u>	<u>26,847,807</u>

	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	<u>4,237,647</u>	<u>20,895,146</u>	<u>25,132,793</u>

The accompanying notes form part of these financial statements.

**Strathfield Recreation Club Limited**

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**Statement of Cash Flows**

For the Year Ended 30 September 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	4,690,370	4,725,797
Payments to suppliers and employees	(2,956,216)	(3,180,250)
Interest received	59,630	13,372
Interest and other costs of finance	(3,023)	(3,428)
Net cash provided by operating activities	<u>1,790,761</u>	<u>1,555,491</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property, plant & equipment	<u>(585,037)</u>	<u>(377,041)</u>
Net cash used in investing activities	<u>(585,037)</u>	<u>(377,041)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from borrowings	<u>26,565</u>	<u>23,751</u>
Net cash provided by financing activities	<u>26,565</u>	<u>23,751</u>
Net increase in cash and cash equivalents held	1,232,289	1,202,201
Cash and cash equivalents at beginning of year	<u>2,460,886</u>	<u>1,258,685</u>
Cash and cash equivalents at end of financial year	4 <u><u>3,693,175</u></u>	<u><u>2,460,886</u></u>

The accompanying notes form part of these financial statements.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2016

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.

Rental revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant rate of return.

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.

## Strathfield Recreation Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 September 2016

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

### (d) Property, Plant and Equipment (cont'd)

#### 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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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,

## Strathfield Recreation Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 September 2016

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

### (f) Financial instruments (cont'd)

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.



## Strathfield Recreation Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 September 2016

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

### (f) Financial instruments (cont'd)

#### Fair value (cont'd)

##### 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 non cash 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 cash generating 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.

## Strathfield Recreation Club Limited

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# Notes to the Financial Statements

For the Year Ended 30 September 2016

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

#### (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.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2016

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

### (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 2016, 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 independent 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 independent valuation was carried out by MVS valuers.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Notes to the Financial Statements

For the Year Ended 30 September 2016

#### 2 Revenue and Other Income

##### Revenue from continuing operations

##### Operating Activities:

- Membership and subscriptions	53,331	73,815
- Bar sales	1,264,262	1,016,388
- Poker machine clearance (net of payouts)	3,001,395	2,803,561
- Rental revenue	120,923	127,739
- Other sales revenue	240,391	229,978

##### Other income

- Interest received	59,630	29,864
	<u>4,739,932</u>	<u>4,281,345</u>

#### 3 Result for the Year

##### Expenses

##### Depreciation of non-current assets:

Buildings	88,564	82,539
Motor vehicle	-	695
Plant and equipment	38,678	8,500
	<u>127,242</u>	<u>91,734</u>

##### Borrowing costs:

Interest on Loan	3,023	3,428
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##### Employee benefits expense:

Salary and employee benefit expense	631,885	618,051
Contributed superannuation	62,658	57,565
Other employment costs	38,650	11,022
	<u>733,193</u>	<u>686,638</u>

##### Other operating expenses:

Accounting and auditing	34,858	31,690
Advertising and promotions	1,641	4,478
Bank fees and charges	30,346	22,683
Cleaning and rubbish removal	28,303	25,870
Computer expenses and Internet expenses	16,248	20,257
Consulting expense and legal	22,397	3,514
Donations and community support program	125,454	138,238
Entertainment - non deductible	41,686	39,661
Event and function expenses	3,232	8,734
General and administration	4,594	3,839
Hire/rent of plant and equipment	134,412	167,523
Hire purchase charges	(251)	526
Insurances	60,133	50,176
Keno and TAB expenses	10,235	10,570
Materials and supplies	72,112	47,622

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Notes to the Financial Statements**

For the Year Ended 30 September 2016

	2016	2015
	\$	\$
<b>3 Result for the Year (cont'd)</b>		
<b>Expenses (cont'd)</b>		
Light, power and rates	71,662	81,646
Other administration charges	61,030	48,793
Poker machine tax	480,959	448,032
Registration and subscriptions	28,776	21,491
Repairs and maintenance	197,522	194,032
Security	137,717	118,923
	<u>1,563,066</u>	<u>1,488,298</u>
<b>4 Cash and cash equivalents</b>		
Cash on hand	192,823	201,926
Cash at bank	1,452,885	2,258,960
Short-term bank deposits	2,047,467	-
	<u>3,693,175</u>	<u>2,460,886</u>
<b>5 Trade and other receivables</b>		
CURRENT		
Trade receivables	<u>15,354</u>	<u>28,503</u>
<b>6 Inventories</b>		
CURRENT		
At cost:		
Stock on hand	<u>25,547</u>	<u>29,595</u>
<b>7 Other Assets</b>		
CURRENT		
Prepayments	<u>96,871</u>	<u>55,025</u>
<b>8 Property, plant and equipment</b>		
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>20,592,457</u>	<u>20,592,457</u>

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Notes to the Financial Statements**

For the Year Ended 30 September 2016

	2016	2015
	\$	\$
<b>8 Property, plant and equipment (cont'd)</b>		
Buildings		
At cost	2,355,996	2,190,435
Accumulated depreciation	(651,401)	(598,760)
	<u>1,704,595</u>	<u>1,591,675</u>
Future Capital Improvements	141,114	19,220
	<u>1,845,709</u>	<u>1,610,895</u>
Plant and equipment		
At cost	1,629,050	1,329,899
Accumulated depreciation	(1,151,348)	(1,075,178)
	<u>477,702</u>	<u>254,721</u>
	<u>22,915,868</u>	<u>22,458,073</u>

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Notes to the Financial Statements

For the Year Ended 30 September 2016

	2016	2015
	\$	\$

#### 8 Property, plant and equipment (cont'd)

##### (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	Total
	\$	\$	\$	\$	\$
Year ended 30 September 2016					
Balance at the beginning of year	20,592,457	1,591,675	254,721	19,220	22,458,073
Additions	-	165,561	297,582	121,894	585,037
Depreciation	-	(52,641)	(74,601)	-	(127,242)
Balance at the end of the year	<u>20,592,457</u>	<u>1,704,595</u>	<u>477,702</u>	<u>141,114</u>	<u>22,915,868</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 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.

#### Future capital improvements

Future capital improvements relate to expenditure incurred in relation to the planned refurbishment of the Club premises, which are expected to commence during early 2017.

The value of future capital improvements have been recognised at cost.

#### 9 Intangible Assets

Poker machine entitlements

Cost	<u>471,050</u>	<u>471,050</u>
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#### 10 Trade and other payables

CURRENT

Trade payables	71,833	68,178
Payroll accrual	14,825	18,670
GST payable	73,895	45,736
	<u>160,553</u>	<u>132,584</u>

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Notes to the Financial Statements**

For the Year Ended 30 September 2016

	2016	2015		
	\$	\$		
<b>11 Borrowings</b>				
<b>CURRENT</b>				
Secured liabilities:				
Other loans	84,379	63,226		
	<hr/>	<hr/>		
<b>12 Provisions</b>				
<b>CURRENT</b>				
Provision for employee benefits	74,468	120,787		
	<hr/>	<hr/>		
	Annual Leave	Long Service	Sick Leave	Total
	\$	Leave	\$	\$
		\$		
Opening balance at 1 October 2015	51,385	31,566	37,836	120,787
Net movement in additional provisions and amounts used	1,464	(9,947)	-	(8,483)
Unwinding of provision	-	-	(37,836)	(37,836)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2016	52,849	21,619	-	74,468
	<hr/>	<hr/>	<hr/>	<hr/>
<b>13 Other liabilities</b>				
<b>CURRENT</b>				
Advance payments - members subscriptions			38,698	30,329
Advance payments - GST rebates			-	11,453
Rental Bond			11,960	6,960
			<hr/>	<hr/>
			50,658	48,742
			<hr/>	<hr/>
<b>NON-CURRENT</b>				
Rental Bond			-	5,000
			<hr/>	<hr/>
<b>14 Reserves and retained surplus</b>				
Asset revaluation reserve - land and buildings			20,742,457	20,742,457
Capital profits reserve			152,689	152,689
			<hr/>	<hr/>
<b>Total reserves</b>			20,895,146	20,895,146
			<hr/>	<hr/>

(a) Asset revaluation reserve

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



## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Notes to the Financial Statements

For the Year Ended 30 September 2016

2016	2015
\$	\$

#### 15 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:

##### Financial Assets

Cash and cash equivalents	3,693,175	2,460,886
Trade and other receivables	15,354	28,503

##### Total financial assets

<u>3,708,529</u>	<u>2,489,389</u>
------------------	------------------

##### Financial Liabilities

Trade and other payables	160,553	132,584
Borrowings	84,379	63,226

##### Total financial liabilities

<u>244,932</u>	<u>195,810</u>
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#### 16 Leasing Commitments

##### Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	79,875	138,995
- between one year and five years	31,395	92,580
	<u>111,270</u>	<u>231,575</u>

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

#### 17 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club is \$ 144,263 (2015: \$ 133,250).

#### 18 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2016 (30 September 2015: 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.

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Notes to the Financial Statements**

**For the Year Ended 30 September 2016**

**20 Events Occurring After the Reporting Date**

Since the end of the financial year the Club has purchased "Golden Goal Pty Ltd" which was previously responsible for the operation the Club's outdoor soccer facilities for an amount of \$750,000.

**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

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Directors' Declaration

The directors of the Club declare that:

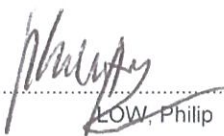
1. The financial statements and notes, as set out on pages 5 to 21, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 September 2016 and of the performance 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 .....

  
BOW, Robert

Director .....

  
LOW, Philip

Dated

## 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 2016, 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.

## 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 2016 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

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

Dated: 6 December 2016



SCOTT TOBUTT  
Partner