

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2014

Strathfield Recreation Club Limited

ABN: 67 000 001 178

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For the Year Ended 30 September 2014

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Directors' Report

30 September 2014

The directors present their report on Strathfield Recreation Club Limited for the financial year ended 30 September 2014.

Directors

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

Names

BIRBIRA, Nick	Resigned 30/09/2014
SHEEHAN, Colin	
HANKINSON, Greg	
KING, Graham	
LOW, Philip	
CHAN, Dennis	
BOW, Robert	Appointed 8/12/2013
GODOY, Filberto	Resigned 8/12/2013
CASSIDY, Marylyn	Resigned 8/12/2013

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 Club's short term objectives are to:

- maintain a successful trading status of the licensed facility while continuing to grow tennis activity and membership. The club has been successful with its rezoning application which has secured the clubs future, but is in the process of reviewing the strategic plan of the club to look at all possible options to improving the club facilities. It will continue to build on relationships it has built throughout the community.

Long term objectives

The Club's long term objectives are to:

- 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.

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. The Club will be seeking member input over the next twelve months about areas of the Club and tennis they would like to see improved. This information will assist in the Club reviewing the current strategic plan and making any changes if necessary. Ultimately, the Club will be a place of sport and recreation for its members and community offering a variety of sporting activities and leisure opportunities.

Directors' Report

30 September 2014

Information on directors

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

BIRBIRA, Nick

Qualifications

Building Consultant

Special responsibilities

President, Planning Committee & Finance Committee

SHEEHAN, Colin

Qualifications

Retired, Admin-NSW Police Force

Special responsibilities

Vice President, Tennis Committee

HANKINSON, Greg

Qualifications

Retired Chemist

KING, Graham

Qualifications

Managing Director

Special responsibilities

Vice President

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

GODOY, Filberto

Qualifications

Company Manager

Special responsibilities

Tennis Committee

CASSIDY, Marylyn

Qualifications

Justice of the Peace, Retired administration

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 2014 the collective liability of members was \$ 4,626 (2013: \$ 4,572).

Directors' Report

30 September 2014

Meetings of directors

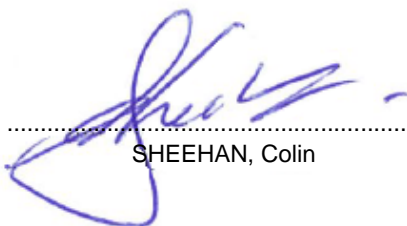
During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
BIRBIRA, Nick	12	9
SHEEHAN, Colin	12	9
HANKINSON, Greg	10	9
KING, Graham	12	8
LOW, Philip	12	12
CHAN, Dennis	12	11
BOW, Robert	10	9
GODOY, Filberto	2	2
CASSIDY, Marylyn	2	2

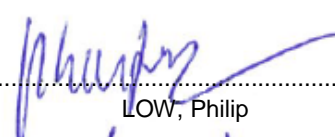
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 September 2014 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: 
SHEEHAN, Colin

Date: 16/12/2014

Director: 
LOW, Philip

16/12/14

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 2014, 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 LAWLER
Chartered Accountants


SCOTT TOBUTT
Partner

Date: 6th December 2014

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 2014**

	Note	2014 \$	2013 \$
Revenue			
Revenue from ordinary activities	2	3,286,565	2,506,160
Expenses			
Raw materials and consumables used		(432,323)	(325,504)
Employee benefits expense	3	(902,245)	(745,253)
Depreciation	3	(94,549)	(103,537)
Borrowing expenses	3	(9,458)	(11,306)
Other operating expenses	3	(1,175,812)	(876,971)
Profit before income tax		672,178	443,589
Income tax expense		-	-
Profit for the year		672,178	443,589
Other comprehensive income			
Revaluation of property		15,992,457	-
Total comprehensive income for the year		16,664,635	443,589

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 2014**

	Note	2014	2013
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,258,685	617,533
Trade and other receivables	5	56,718	25,735
Inventories	6	17,526	19,021
Other assets	10	24,165	22,720
TOTAL CURRENT ASSETS		1,357,094	685,009
NON-CURRENT ASSETS			
Property, plant and equipment	8	22,532,744	6,518,163
Intangible assets	9	471,050	471,050
TOTAL NON-CURRENT ASSETS		23,003,794	6,989,213
TOTAL ASSETS		24,360,888	7,674,222
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	162,070	86,937
Borrowings	12	31,069	29,446
Employee benefits	13	127,618	169,749
Other liabilities	14	49,782	49,782
TOTAL CURRENT LIABILITIES		370,539	335,914
NON-CURRENT LIABILITIES			
Borrowings	12	8,415	21,009
Other liabilities	14	3,960	3,960
TOTAL NON-CURRENT LIABILITIES		12,375	24,969
TOTAL LIABILITIES		382,914	360,883
NET ASSETS		23,977,974	7,313,339
EQUITY			
Reserves		20,895,146	4,902,689
Retained earnings		3,082,828	2,410,650
TOTAL EQUITY		23,977,974	7,313,339

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 2014

	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

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 October 2012	1,967,061	4,902,689	6,869,750
Profit for the year	443,589	-	443,589
Balance at 30 September 2013	2,410,650	4,902,689	7,313,339

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 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,565,287	2,537,333
Payments to suppliers and employees	(2,801,445)	(2,029,394)
Grants received	-	68,500
Interest received	14,412	9,652
Interest and other costs of finance	(9,458)	(11,306)
Net cash provided by (used in) operating activities	<u>768,796</u>	<u>574,785</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds of property, plant and equipment	(116,673)	(288,854)
Purchase of intangibles	-	(145,000)
Net cash used by investing activities	<u>(116,673)</u>	<u>(433,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	(10,971)	(11,380)
Net cash used by financing activities	<u>(10,971)</u>	<u>(11,380)</u>
Net increase (decrease) in cash and cash equivalents held	641,152	129,551
Cash and cash equivalents at beginning of year	<u>617,533</u>	<u>487,982</u>
Cash and cash equivalents at end of financial year	4 <u><u>1,258,685</u></u>	<u><u>617,533</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 September 2014

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 property 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 2014

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 2014

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 2014

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 2014

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 2014

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 2013, 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 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.

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013
	\$	\$
2 Revenue and Other Income		
Revenue from continuing operations		
Operating Activities:		
- Membership and subscriptions	65,746	58,814
- Bar sales	837,873	676,918
- Poker machine clearance (net of payouts)	2,015,522	1,372,370
- Rents	130,701	128,185
- Other sales revenue	222,311	260,221
Other income		
- Interest received	14,412	9,652
	<u>3,286,565</u>	<u>2,506,160</u>
3 Result for the Year		
(a) Expenses		
Depreciation of non-current assets:		
Buildings	54,186	53,383
Plant and equipment	30,392	35,438
Other	9,971	14,716
	<u>94,549</u>	<u>103,537</u>
Borrowing costs:		
Interest on Loan	9,458	11,306
Employee benefits expense:		
Salary and employee benefit expense	807,746	683,691
Contributed superannuation	78,490	52,633
Other employment costs	16,009	8,929
	<u>902,245</u>	<u>745,253</u>

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013
	\$	\$
3 Result for the Year continued		
(a) Expenses continued		
Other operating expenses:		
Accounting and auditing	40,557	31,955
Advertising and promotions	10,410	23,277
Bank fees and charges	3,253	2,457
Cleaning and rubbish removal	38,883	46,554
Computer expenses and Internet expenses	28,672	25,217
Consulting expense and legal	31,027	5,352
Donations and community support program	48,712	28,600
Entertainment - non deductible	34,607	35,153
Event and function expenses	11,819	11,520
Fines	170	790
General and administration	6,075	10,867
Hire/rent of plant and equipment	151,069	113,683
Hire purchase charges	2,542	2,155
Insurances	40,503	44,432
Keno expense	3,803	4,040
Materials and supplies	21,484	20,664
Light, power and rates	91,066	78,455
Other administration charges	62,887	37,325
Poker machine tax	289,019	134,954
Registration and subscriptions	9,274	7,677
Repairs and maintenance	129,712	96,123
Security	120,268	115,721
	<u>1,175,812</u>	<u>876,971</u>
4 Cash and cash equivalents		
Cash on hand	61,295	51,572
Cash at bank	1,197,390	565,961
	<u>1,258,685</u>	<u>617,533</u>
5 Trade and other receivables		
CURRENT		
Trade receivables	55,312	24,310
Prepaid interest	1,406	1,425
	<u>56,718</u>	<u>25,735</u>

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013
	\$	\$
6 Inventories		
CURRENT		
At cost:		
Stock on hand - bar	13,959	16,188
Stock on hand - tennis items	480	811
Stock on hand - clearing materials	211	299
Stock - cafe	318	338
Stock - cigarettes	2,558	1,385
	<u>17,526</u>	<u>19,021</u>
7 Other Assets		
CURRENT		
Prepayments	24,165	21,987
Interest receivable	-	733
	<u>24,165</u>	<u>22,720</u>
8 Property, plant and equipment		
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>20,592,457</u>	4,600,000
Buildings		
At cost	1,947,931	1,928,286
Accumulated depreciation	<u>(549,419)</u>	<u>(495,120)</u>
	<u>1,398,512</u>	1,433,166
Plant and equipment		
At cost	1,216,110	1,191,971
Accumulated depreciation	<u>(1,035,048)</u>	<u>(996,347)</u>
	<u>181,062</u>	195,624
Motor vehicles		
At cost	7,082	7,082
Accumulated depreciation	<u>(2,429)</u>	<u>(878)</u>
	<u>4,653</u>	6,204
Future capital improvements		
At cost	<u>356,060</u>	283,169
	<u>22,532,744</u>	<u>6,518,163</u>

Notes to the Financial Statements

For the Year Ended 30 September 2014

2014 2013
\$ \$

(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 \$
Year ended 30 September 2014						
Balance at the beginning of year	4,600,000	1,433,166	195,624	283,169	6,204	6,518,163
Additions	-	19,422	24,137	72,891	-	116,450
Depreciation	-	(54,186)	(38,589)	-	(1,551)	(94,326)
Revaluation increase recognised in equity	15,992,457	-	-	-	-	15,992,457
Balance at the end of the year	20,592,457	1,398,402	181,172	356,060	4,653	22,532,744

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.

9 Intangible Assets

Poker machine entitlements

Cost

471,050 471,050

10 Other Assets

CURRENT

Prepayments

24,165 22,720

11 Trade and other payables

CURRENT

Trade payables

56,405 51,317

Payroll accrual

70,322 16,701

GST payable

35,343 18,919

162,070 86,937

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013		
	\$	\$		
12 Borrowings				
CURRENT				
Secured liabilities:				
Lease liability	31,069	29,446		
	<hr/>	<hr/>		
NON-CURRENT				
Secured liabilities:				
Lease liability	8,415	21,009		
	<hr/>	<hr/>		
13 Provisions				
CURRENT				
Provision for employee benefits	127,618	169,749		
	<hr/>	<hr/>		
	Annual Leave	Long Service		
	\$	Leave	Sick Leave	
	\$	\$	\$	
	\$	\$	\$	
Opening balance at 1 October 2013	54,544	60,782	54,423	169,749
Additional provisions during the year	23,808	6,205	9,524	39,537
Amounts used	(35,616)	(18,925)	(27,127)	(81,668)
Balance at 30 September 2014	<hr/> 42,736 <hr/>	<hr/> 48,062 <hr/>	<hr/> 36,820 <hr/>	<hr/> 127,618 <hr/>
14 Other liabilities				
CURRENT				
Advance payments - members subscriptions			30,329	30,329
Advance payments - GST rebates			11,453	11,453
Rental Bond			8,000	8,000
			<hr/>	<hr/>
			49,782	49,782
			<hr/>	<hr/>
NON-CURRENT				
Rental Bond			3,960	3,960
			<hr/>	<hr/>

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013
	\$	\$
15 Reserves and retained surplus		
Asset revaluation reserve - land and buildings		
Opening balance	4,750,000	4,750,000
Revaluations during the year	15,992,457	-
	<u>20,742,457</u>	<u>4,750,000</u>
Capital profits reserve		
Opening balance	152,689	152,689
Total reserves	<u>20,895,146</u>	<u>4,902,689</u>

(a) Asset revaluation reserve

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

16 Leasing Commitments

(a) Finance leases

Minimum lease payments:

- not later than one year	13,125	29,446
- between one year and five years	7,884	21,009
Minimum lease payments	<u>21,009</u>	<u>50,455</u>

(b) Operating leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	128,295	148,346
- between one year and five years	120,491	152,551
	<u>248,786</u>	<u>300,897</u>

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

Notes to the Financial Statements

For the Year Ended 30 September 2014

	2014	2013
	\$	\$

17 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:

	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	1,258,685	617,533
Trade and other receivables	56,718	25,735
Total financial assets	1,315,403	643,268
Financial Liabilities		
Trade and other payables	162,070	86,937
Borrowings	39,484	50,455
Total financial liabilities	201,554	137,392

18 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club is \$ 433,614 (2013: \$ 291,710).

19 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2014 (30 September 2013: None).

20 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.

21 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.

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Directors' Declaration

22 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 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 2014 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
SHEEHAN, Colin

Director
LOW, Philip

Date: 16/12/2014.

16/12/14

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 2014, 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 Lawler Partners Audit & Assurance
(a Limited Partnership)
ABN 91 850 861 839

Liability limited by a scheme
approved under Professional
Standards Legislation

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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 2014 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 Lawler
PKF LAWLER
Chartered Accountants


SCOTT TOBUTT
Partner

Date: 6th December 2014

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