Strathfield Recreation Club Limited

ABN: 67 000 001 178

Financial Statements

For the Year Ended 30 September 2017

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Contents

For the Year Ended 30 September 2017

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Directors' Report

30 September 2017

The directors present their report on Strathfield Recreation Club Limited (the Club) for the financial year ended 30 September 2017.

Directors

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

Names	Appointed/Resigned
KING, Graham	
LOW, Philip	
CHAN, Dennis	Resigned 29/01/17
BOW, Robert	
HART, Daryl	
PADD, Mark	
JAMES, Rod	Resigned 29/01/17
KELLY, Christopher	Appointed 29/01/17
SORAL, Dhirendra	Appointed 29/01/17

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 tennis, soccer and associated indoor recreation.

The following significant change in the nature of the principal activities occurred during the financial year:

- The Club purchased the "Golden Goal" business on the 26th of October 2016, which currently operates two outdoor 5-a-side soccer fields located on the premises. The Club receives income from bookings of the fields made via the Golden Goal website.

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 2017

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.
- Actively represent the Club's concerns and interests to Council and State planning Authorities
- Reorganise coaching activities and standards to reviatlise social and badge membership participation
- Carefully manage access to facilities for House and Sporting members during the redevelopment phase

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
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
KELLY, Christopher	
Qualifications	Retired, Fellow Certified Practicing Accountant, Fellow member of Chartered Secretaries, Managers and Administrators
SORAL, Dhirendra	
Qualifications	MBA (MGSM), CPA (ASA)

Members guarantee

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 2017 the collective liability of members was $ 4,320 (2016: $ 2,070).

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Directors' Report
30 September 2017

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	7
LOW, Philip	12	12
CHAN, Dennis	2	1
BOW, Robert	12	9
HART, Daryl	12	12
PADD, Mark	12	12
JAMES, Rod	4	3
KELLY, Christopher	10	10
SORAL, Dhirendra	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 2017 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 27.12.2017

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 period ended 30 September 2017, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF
Chartered Accountants

STobutt

SCOTT TOBUTT
Partner

Date: 27 December 2017

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

Strathfield Recreation Club Limited

ABN: 67 000 001 178

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2017

	Note	2017 $	2016 $
Revenue			
Revenue from ordinary activities	2	**5,152,934**	4,739,932
Expenses			
Raw materials and consumables used		**(657,430)**	(598,394)
Employee benefits expense	3	**(848,631)**	(724,396)
Depreciation	3	**(218,887)**	(127,242)
Borrowing expenses	3	**(5,569)**	(3,023)
Other operating expenses	3	**(2,296,818)**	(1,571,863)
Profit before income tax		**1,125,599**	1,715,014
Income tax expense	1(k)	**-**	-
Profit for the year		**1,125,599**	1,715,014
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,125,599**	1,715,014

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 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**3,857,655**	3,693,175
Trade and other receivables	5	**35,484**	15,354
Inventories	6	**31,677**	25,547
Other assets	7	**66,992**	96,871
TOTAL CURRENT ASSETS		**3,991,808**	3,830,947
NON-CURRENT ASSETS			
Property, plant and equipment	8	**23,267,710**	22,915,868
Intangible assets	9	**1,071,050**	471,050
TOTAL NON-CURRENT ASSETS		**24,338,760**	23,386,918
TOTAL ASSETS		**28,330,568**	27,217,865
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**197,473**	160,553
Borrowings	11	**48,239**	84,379
Employee benefits	12	**65,893**	74,468
Other liabilities	13	**45,557**	50,658
TOTAL CURRENT LIABILITIES		**357,162**	370,058
TOTAL LIABILITIES		**357,162**	370,058
NET ASSETS		**27,973,406**	26,847,807
EQUITY			
Reserves	14	**20,895,146**	20,895,146
Retained earnings		**7,078,260**	5,952,661
TOTAL EQUITY		**27,973,406**	26,847,807

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 2017

	Retained Earnings	Reserves	Total
	$	$	$
Balance at 1 October 2016	**5,952,661**	**20,895,146**	**26,847,807**
Profit for the year	**1,125,599**	**-**	**1,125,599**
Balance at 30 September 2017	**7,078,260**	**20,895,146**	**27,973,406**

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	5,952,661	20,895,146	26,847,807

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 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**5,083,859**	4,690,370
Payments to suppliers and employees		**(3,291,575)**	(2,956,216)
Interest received		**43,844**	59,630
Interest and other costs of finance		**(5,569)**	(3,023)
Net cash provided by operating activities		**1,830,559**	1,790,761
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant & equipment		**(372,137)**	(463,143)
Capitalised expenditure for Redevelopment		**(596,731)**	(121,894)
Plant & equipment acquired on purchase of Golden Goal business		**(150,000)**	-
Goodwill recognised on purchase of Golden Goal business		**(600,000)**	-
Net cash used in investing activities		**(1,718,868)**	(585,037)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from borrowings		**52,789**	26,565
Net cash provided by financing activities		**52,789**	26,565
Net increase in cash and cash equivalents held		**164,480**	1,232,289
Cash and cash equivalents at beginning of year		**3,693,175**	2,460,886
Cash and cash equivalents at end of financial year	4	**3,857,655**	3,693,175

The accompanying notes form part of these financial statements.

The financial statements are for Strathfield Recreation Club Limited as an incorporated individual entity incorporated and domiciled in Australia. Strathfield Recreation Club is a registered 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. Comparatives are consistent with prior years, 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.

1 Summary of Significant Accounting Policies

(d) Property, Plant and Equipment

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

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.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is stated after separate recognition of identifiable intangible assets and is carried at cost less accumulated 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.

1 Summary of Significant Accounting Policies

(f) Financial instruments

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
(d) 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.

1 Summary of Significant Accounting Policies

(f) Financial instruments

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.

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.

1 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

(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.

(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.

1 Summary of Significant Accounting Policies

(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) 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.

(m) Leases

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.

(n) 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

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Key estimates - Income tax exempt status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 September 2017, 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.

The Club has subsequently commenced procedures to refurbish the premises, therefore the Directors made the decision to delay the independent valuation of its land and buildings until the completion of the work. There were no indicators of impairment identified during the Directors assessment of fair value, therefore the disclosed balance is still considered to be reasonable.

Notes to the Financial Statements
For the Year Ended 30 September 2017

2 Revenue and Other Income

Revenue from continuing operations

	2017	2016
	$	$
Operating Activities:		
- Membership and subscriptions	**69,813**	53,331
- Bar sales	**1,438,826**	1,264,262
- Poker machine clearance (net of payouts)	**2,935,705**	3,001,395
- Rental revenue	**100,157**	120,923
- Golden Goal revenue	**329,429**	-
- Other sales revenue	**235,160**	240,391
Other income		
- Interest received	**43,844**	59,630
	5,152,934	4,739,932

Notes to the Financial Statements
For the Year Ended 30 September 2017

3 Result for the Year

The result for the year includes the following specific expenses:

	2017	2016
	$	$
Depreciation:		
Buildings	**91,102**	88,564
Golden goal equipment	**31,279**	-
Plant and equipment	**96,506**	38,678
	218,887	127,242
Borrowing costs:		
Interest on Loan	**5,569**	3,023
Employee benefits expense:		
Salary and employee benefit expense	**755,027**	631,885
Contributed superannuation	**64,946**	62,658
Other employment costs	**28,658**	29,853
	848,631	724,396
Other operating expenses:		
Accounting and auditing	**45,970**	34,858
Advertising and promotions	**9,530**	1,641
Bank fees and charges	**37,372**	30,346
Cleaning and rubbish removal	**36,549**	28,303
Computer expenses and Internet expenses	**24,403**	16,248
Consulting expense and legal	**23,861**	22,397
Donations and community support program	**167,802**	125,454
Entertainment - non deductible	**51,074**	41,686
Event and function expenses	**5,855**	3,232
General and administration	**5,556**	4,594
Hire/rent of plant and equipment	**91,177**	134,412
Hire purchase charges	**6**	(251)
Insurances	**78,498**	60,133
Keno and TAB expenses	**8,306**	10,235
Materials and supplies	**85,047**	72,112
Light, power and rates	**72,960**	71,662
Other administration charges	**142,585**	61,030
Poker machine tax	**478,668**	480,959
Registration and subscriptions	**22,489**	28,776
Repairs and maintenance	**193,834**	197,522
Security	**157,653**	137,717
Telephone and internet	**9,484**	8,797
Asset write offs	**548,139**	-
	2,296,818	1,571,863

Notes to the Financial Statements
For the Year Ended 30 September 2017

4 Cash and cash equivalents

	2017	2016
	$	$
Cash on hand	**152,946**	192,823
Cash at bank	**3,704,709**	1,452,885
Short-term deposits	**-**	2,047,467
	3,857,655	3,693,175

5 Trade and other receivables

	2017	2016
CURRENT		
Trade receivables	**35,484**	15,354

6 Inventories

	2017	2016
CURRENT		
Stock on hand, at cost	**31,677**	25,547

7 Other Assets

	2017	2016
CURRENT		
Prepayments	**66,992**	96,871

Notes to the Financial Statements
For the Year Ended 30 September 2017

8 Property, plant and equipment

	2017	2016
	$	$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	**20,592,457**	20,592,457
Buildings		
At cost	**1,664,316**	2,355,996
Less accumulated depreciation	**(464,217)**	(651,401)
	1,200,099	1,704,595
Future capital improvements		
At cost	**737,845**	141,114
Plant and equipment		
At cost	**1,053,497**	1,629,050
Accumulated depreciation	**(316,188)**	(1,151,348)
	737,309	477,702
	23,267,710	22,915,868

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	Future capital improvement	Furniture, Fixtures and Fittings	Total
	$	$	$	$	$
Year ended 30 September 2017					
Balance at the beginning of year	20,592,457	1,704,595	141,114	477,702	22,915,868
Additions	-	4,250	596,731	517,887	1,118,868
Disposals - written down value	-	(457,168)	-	(90,971)	(548,139)
Depreciation	-	(51,578)	-	(167,309)	(218,887)
Balance at the end of the year	20,592,457	1,200,099	737,845	737,309	23,267,710

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 within the 2018 financial year.

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

Notes to the Financial Statements
For the Year Ended 30 September 2017

9 Intangible Assets

		2017	2016
		$	$
Goodwill			
At cost	(a)	**600,000**	-
Accumulated amortisation and impairment		**-**	-
		600,000	-
Poker machine entitlements			
At cost		**471,050**	471,050
Accumulated amortisation and impairment		**-**	-
		471,050	471,050
		1,071,050	471,050

(a) Goodwill

On the 26th of October 2016, the Club purchased the "Golden Goal" business for $750,000. Identifiable assets included in the purchase price were valued at $150,000 with a remaining $600,000 classified as goodwill. Mangement has performed an impairment assessment on the goodwill at 30 September 2017, with no impairment indicators identified.

The Club also entered into a licence agreement with Golden Goal Pty Limited on 31 October 2016 for the use of the brand and operating systems at the Club for a term of 5 years.

10 Trade and other payables

	2017	2016
CURRENT		
Trade payables	**91,399**	71,833
Payroll accrual	**15,471**	14,825
GST payable	**90,603**	73,895
	197,473	160,553

11 Borrowings

	2017	2016
CURRENT		
Unsecured liabilities:		
Other loans	**48,239**	84,379

Notes to the Financial Statements
For the Year Ended 30 September 2017

12 Provisions

	2017	2016
	$	$
CURRENT		
Provision for employee benefits	**65,893**	74,468

	Annual Leave	Long Service Leave	Total
	$	$	$
Opening balance at 1 October 2016	**52,849**	**21,619**	**74,468**
Net movement in additonal provisions and amounts used	**632**	**(9,207)**	**(8,575)**
Balance at 30 September 2017	**53,481**	**12,412**	**65,893**

13 Other liabilities

		2017	2016
CURRENT			
Advance payments - members subscriptions		**38,597**	38,698
Rental Bond		**6,960**	11,960
		45,557	50,658

14 Reserves

Asset revaluation reserve - land and buildings	(a)	**20,742,457**	20,742,457
Capital profits reserve		**152,689**	152,689
Total reserves		**20,895,146**	20,895,146

(a) Asset revaluation reserve

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

Notes to the Financial Statements

For the Year Ended 30 September 2017

15 Financial Risk Management

The main risks Strathfield Recreation Club Limited is exposed to through its financial instruments are credit risk, 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, overdrafts and other loans.

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:

	2017	2016
	$	$
Financial Assets		
Cash and cash equivalents	**3,857,655**	3,693,175
Trade and other receivables	**35,484**	15,354
Total financial assets	**3,893,139**	3,708,529
Financial Liabilities		
Trade and other payables	**197,473**	160,553
Borrowings	**48,239**	84,379
Total financial liabilities	**245,712**	244,932

16 Leasing Commitments

Operating lease

	2017	2016
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**33,729**	79,875
- between one year and five years	**11,039**	31,395
	44,768	111,270

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 $ 148,619 (2016: $ 144,263).

18 Contingencies

In the opinion of the Directors, the Club did not have any contingencies at 30 September 2017 (30 September 2016: 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.

Notes to the Financial Statements
For the Year Ended 30 September 2017

20 Events Occurring After the Reporting Date

On 21 November 2017, the Club entered into a building contract with Rohrig Builders for the completion of the Stage 1 renovations of the Club premises. The expected cost of the Stage 1 renovations is approximately $7.7 million.

The club has secured $6 million in funding for the renovations, by way of a loan facility from St. George Bank.

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

Independent Audit Report to the members of Strathfield Recreation Club Limited

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 2017 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 27.12.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRATHFIELD RECREATION CLUB LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Strathfield Recreation Club Limited (the Club), which comprises the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Club's financial position as at 30 September 2017 and of its financial performance for the year ended; and
(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Club in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Club, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors 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.

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

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
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f +61 2 4962 3245

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF

PKF
Chartered Accountants

STobutt

SCOTT TOBUTT
Partner

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

Date: 27 December 2017