

STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2018

PKF



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STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

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STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

TRADING STATEMENT
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Note | Mar 18 | Mar 17 |
|--------------------------------|------|------------------|------------------|
| | | \$ | \$ |
| SALES | | | |
| Sales | | 2,643,413 | 2,227,190 |
| LESS COST OF GOODS SOLD | | | |
| Purchases | | 364,347 | 312,807 |
| Poker machine taxes | | 281,389 | 232,126 |
| Member points | | 6,664 | 5,241 |
| Machine fees and stationery | | 3,331 | 5,617 |
| Repairs and maintenance | | 36,049 | 36,491 |
| Management fees | | 32,025 | 34,238 |
| | | <u>723,805</u> | <u>626,520</u> |
| GROSS PROFIT | | <u>1,919,608</u> | <u>1,600,670</u> |

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

PROFIT AND LOSS STATEMENT
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Note | Mar 18 \$ | Mar 17 \$ |
|---------------------------------------|------|--------------|--------------|
| INCOME | | | |
| Interest received | | 18,698 | 22,236 |
| Rental income | | 37,590 | 48,260 |
| Sundry income | | 36,559 | 31,512 |
| Court hire | | 77,820 | 65,343 |
| Coaching | | 545 | 545 |
| Subscriptions - sports | | - | 259 |
| Subscriptions - house | | 3,162 | 2,089 |
| Subscriptions - tennis | | 37,960 | 64,072 |
| Gaming GST rebate | | 17,180 | - |
| Gross profit from trading | | 1,919,608 | 1,600,670 |
| | | 2,149,122 | 1,834,986 |
| LESS EXPENDITURE | | | |
| Accountancy fees | | 13,200 | 12,000 |
| Advertising | | 70 | 1,203 |
| Amortisation | | 60,000 | - |
| Auditors' remuneration | | 11,830 | 13,170 |
| Booking System | | 2,315 | 2,111 |
| Bank charges | | 17,526 | 19,346 |
| Borrowing expenses | | 307 | - |
| Catering | | 2,357 | 557 |
| Club items | | 695 | - |
| Cleaning | | 46,665 | 49,000 |
| Computer expense | | 10,960 | 927 |
| Community support | | 76,500 | 133,902 |
| Depreciation - property improvements | | 17,618 | 25,702 |
| Depreciation - poker machines | | 55,833 | 29,126 |
| Depreciation - computer equipment | | 3,425 | 4,077 |
| Depreciation - furniture and fittings | | 15,807 | 19,054 |
| Depreciation - golden goal equipment | | 14,934 | 13,614 |
| Electricity | | 30,256 | 29,839 |
| Employees entitlement | | 14,195 | (7,628) |
| Entertainment expenses | | 26,643 | 25,464 |
| Equipment | | 4,229 | 1,099 |
| Event and function cost | | 3,105 | 2,854 |
| Filing fees | | 943 | 1,022 |
| General expenses | | 12,849 | - |
| Honoraria | | - | 4,165 |
| Insurance | | 34,318 | 49,818 |
| Interest paid | | 3,259 | 4,413 |
| Leasing charges | | 40,720 | 50,235 |
| Legal costs | | 1,822 | 13,390 |
| Licensing fees | | 406 | 218 |

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STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

PROFIT AND LOSS STATEMENT
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Note | Mar 18 | Mar 17 |
|--|------|-------------------------|-------------------------|
| | | \$ | \$ |
| Pest control | | 1,200 | 2,060 |
| Postage | | 1,699 | 834 |
| Printing and stationery | | 1,939 | 3,692 |
| Professional fees | | 2,150 | 2,030 |
| Registrations, subscriptions and fees | | - | 1,093 |
| Relocation expense | | 889 | - |
| Repairs and maintenance | | 48,950 | 70,363 |
| Salaries and wages | | 412,433 | 336,610 |
| Security costs | | 89,670 | 76,583 |
| Staff amenities | | 34,373 | 39,648 |
| Staff training and welfare | | 1,515 | 10,281 |
| Subscriptions | | 1,492 | - |
| Superannuation contributions - employees | | 38,597 | 31,157 |
| Telephone | | 5,400 | 4,824 |
| Tennis balls, shirts and racquets | | 5,475 | 4,046 |
| Travelling expenses | | 463 | 299 |
| Uniforms | | - | 885 |
| Water | | 5,240 | 4,565 |
| Website expenses | | 4,071 | 23,672 |
| Worker's insurance | | 7,158 | 8,393 |
| | | <u>1,185,501</u> | <u>1,119,713</u> |
| NET OPERATING PROFIT | | 963,621 | 715,273 |
| Retained Profits at the beginning of the financial year | | <u>7,078,265</u> | <u>5,952,664</u> |
| TOTAL AVAILABLE FOR APPROPRIATION | | 8,041,886 | 6,667,937 |
| RETAINED PROFITS AT THE END OF THE FINANCIAL PERIOD | | <u>8,041,886</u> | <u>6,667,937</u> |

The accompanying notes form part of these financial statements.

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STRATHFIELD RECREATION CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

| | Note | Mar 18 \$ | Mar 17 \$ |
|--------------------------------------|------|--------------------------|--------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 2 | 3,399,326 | 3,454,806 |
| Trade and other receivables | 3 | 63,953 | 17,838 |
| Inventories | 4 | 31,678 | 25,547 |
| Other assets | 5 | 91,565 | 47,009 |
| TOTAL CURRENT ASSETS | | <u>3,586,522</u> | <u>3,545,200</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 24,647,242 | 23,282,228 |
| Intangible assets | 7 | 1,016,590 | 1,076,050 |
| TOTAL NON-CURRENT ASSETS | | <u>25,663,832</u> | <u>24,358,278</u> |
| TOTAL ASSETS | | <u><u>29,250,354</u></u> | <u><u>27,903,478</u></u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 127,482 | 226,684 |
| Borrowings | 9 | 19,602 | 46,872 |
| Provisions | 10 | 69,240 | 49,191 |
| Other | 11 | 86,148 | - |
| TOTAL CURRENT LIABILITIES | | <u>302,472</u> | <u>322,747</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 10,850 | 17,648 |
| TOTAL NON-CURRENT LIABILITIES | | <u>10,850</u> | <u>17,648</u> |
| TOTAL LIABILITIES | | <u><u>313,322</u></u> | <u><u>340,395</u></u> |
| NET ASSETS | | <u><u>28,937,032</u></u> | <u><u>27,563,083</u></u> |
| EQUITY | | | |
| Reserves | 12 | 20,895,146 | 20,895,146 |
| Retained earnings | | 8,041,886 | 6,667,937 |
| TOTAL EQUITY | | <u><u>28,937,032</u></u> | <u><u>27,563,083</u></u> |

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

1 Summary of Significant Accounting Policies

Strathfield Recreation Club Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The director has prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of the member. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

(c) Investments in Associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate. In addition, the company's share of the profit or loss of the associate is included in the company's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the company's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the company and the associate are eliminated to the extent of the company's interest in the associate.

When the company's share of losses in an associate equals or exceeds its interest in the associate, the company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the company will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

STRATHFIELD RECREATION CLUB LIMITED
ABN 67 000 001 178

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Mar 18 | Mar 17 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 2. CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 456,206 | 169,011 |
| Undeposited funds | 32,531 | 13,771 |
| EFTPOS clearing | 11,822 | 3,474 |
| EFTPOS card | 1,100 | 100 |
| Cash at bank | 2,897,667 | 3,268,450 |
| | <u>3,399,326</u> | <u>3,454,806</u> |
| 3. TRADE AND OTHER RECEIVABLES | | |
| CURRENT | | |
| Trade receivables | 28,622 | 17,838 |
| Goods and services tax | 35,331 | - |
| | <u>63,953</u> | <u>17,838</u> |
| 4. INVENTORIES | | |
| CURRENT | | |
| At cost: | | |
| Stock on hand | 23,688 | 22,953 |
| Stock on hand - Tennis items | 545 | 408 |
| Stock on hand - Cleaning materials | 878 | 311 |
| Stock on hand - Cafe | 843 | 106 |
| Stock on hand - Cigarettes | 5,724 | 1,769 |
| | <u>31,678</u> | <u>25,547</u> |
| 5. OTHER ASSETS | | |
| CURRENT | | |
| Prepayments | <u>91,565</u> | <u>47,009</u> |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land | <u>20,592,456</u> | <u>20,592,457</u> |
| Building and improvements | 1,667,996 | 2,360,246 |
| Less accumulated depreciation | <u>(486,726)</u> | <u>(677,104)</u> |
| | <u>1,181,270</u> | <u>1,683,142</u> |
| Future property improvements | <u>2,144,356</u> | <u>343,779</u> |
| Total land and buildings | <u>23,918,082</u> | <u>22,619,378</u> |

These notes should be read in conjunction with the attached compilation report.

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ABN 67 000 001 178

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Mar 18 | Mar 17 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Poker machines | 596,165 | 525,716 |
| Less accumulated depreciation | <u>(152,526)</u> | <u>(245,881)</u> |
| | <u>443,639</u> | <u>279,835</u> |
| Computer equipment | 36,472 | 33,026 |
| Less accumulated depreciation | <u>(21,000)</u> | <u>(13,474)</u> |
| | <u>15,472</u> | <u>19,552</u> |
| Furniture and fittings | 310,765 | 1,147,009 |
| Less accumulated depreciation | <u>(181,559)</u> | <u>(944,334)</u> |
| | <u>129,206</u> | <u>202,675</u> |
| Golden Goal equipment | 187,054 | 174,319 |
| Less accumulated depreciation | <u>(46,211)</u> | <u>(13,531)</u> |
| | <u>140,843</u> | <u>160,788</u> |
| Total plant and equipment | <u>729,160</u> | <u>662,850</u> |
| Total property, plant and equipment | <u>24,647,242</u> | <u>23,282,228</u> |
| 7. INTANGIBLE ASSETS | | |
| Formation expenses | 5,540 | - |
| Goodwill | 600,000 | 605,000 |
| Less accumulated amortisation | <u>(60,000)</u> | <u>-</u> |
| Net carrying value | <u>540,000</u> | <u>605,000</u> |
| Fair Value of Poker Machine Entitlements | <u>471,050</u> | <u>471,050</u> |
| | <u>1,016,590</u> | <u>1,076,050</u> |
| 8. TRADE AND OTHER PAYABLES | | |
| CURRENT | | |
| Goods and services tax | - | 54,510 |
| Trade creditors | 104,041 | 154,458 |
| Withholding taxes payable | 11,730 | 11,833 |
| Superannuation payable | 11,789 | 5,961 |
| ATO integrated client account | <u>(78)</u> | <u>(78)</u> |
| | <u>127,482</u> | <u>226,684</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2017 TO 31 MARCH 2018

| | Mar 18 | Mar 17 |
|--|---------------|---------------|
| | \$ | \$ |
| 9. BORROWINGS | | |
| CURRENT | | |
| Rental bonds | 6,960 | 11,960 |
| ISR Insurance premium funding | 12,642 | 34,912 |
| | 19,602 | 46,872 |
| | 19,602 | 46,872 |
| 10. PROVISIONS | | |
| CURRENT | | |
| Provision for holiday pay | 58,927 | 49,191 |
| Provision for leave loading | 10,313 | - |
| | 69,240 | 49,191 |
| | 69,240 | 49,191 |
| NON-CURRENT | | |
| Provision for long service leave | 10,850 | 17,648 |
| | 10,850 | 17,648 |
| | 10,850 | 17,648 |
| 11. OTHER LIABILITIES | | |
| CURRENT | | |
| Accrued charges | 7,500 | - |
| Income in advance | 40,052 | - |
| Subs in advance | 38,596 | - |
| | 86,148 | - |
| | 86,148 | - |
| 12. RESERVES | | |
| (a) Capital Profits Reserve | | |
| The capital profits reserve records non-taxable profits on sale of investments. | | |
| (b) Asset Revaluation Reserve | | |
| The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve. | | |

These notes should be read in conjunction with the attached compilation report.