

# **Strathfield Recreation Club Limited**

ABN: 67 000 001 178

## **Financial Statements**

For the Year Ended 30 September 2018

# Strathfield Recreation Club Limited

ABN: 67 000 001 178

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For the Year Ended 30 September 2018

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# Strathfield Recreation Club Limited

ABN: 67 000 001 178

## Directors' Report

30 September 2018

The directors present their report on Strathfield Recreation Club Limited (the Club) for the financial year ended 30 September 2018.

### Directors

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

#### Names

KING, Graham  
LOW, Philip  
BOW, Robert  
HART, Daryl  
PADD, Mark  
KELLY, Christopher  
SORAL, Dharendra

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 enabling them to enjoy tennis, futsal and indoor social and recreational activities

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

- To substantially progress the extensive upgrading of the club's buildings and grounds;
- To implement new minimum Tennis NSW coaching standards to be met by all coaches operating at the club; and
- Approval by Burwood Council of a Development Application for lighting and replacement of our two grass courts with a new synthetic surface.

### Short term objectives

During the past year our focus has been to carry out the upgrade works safely with the least disruption to members and their guests. As we move forward during the next 12 months we see the priorities to be:

- Completion of upgrade works;
- Maintain and increase the club's financial success and set aside funds to reduce our bank loan;
- Replace all tennis court surfaces with the best synthetic surface available completing a minimum of four courts (2, 3, 10 & 11) in 2019;
- Add lighting and finalise plans for the resurfacing of grass courts;
- Increase tennis memberships and member participation in Badge & other competitions; and
- Maximise use of the extended upstairs space and generally maintain facilities and service levels needed to ensure recreational enjoyment of all members.

# Strathfield Recreation Club Limited

ABN: 67 000 001 178

## Directors' Report

30 September 2018

### Long term objectives

Over the next five years the Board plans to:

- Continue to operate successfully keeping abreast of changing economic, social and legislative conditions as we fully repay our present bank loan;
- Develop and present to members a five to ten year strategic plan setting out long term opportunities and goals;
- Replace grass courts with an artificial playing surface;
- Strive to increase female tennis membership and board participation; and
- Introduce subsidised coaching arrangements for members.

### Strategy for achieving the objectives

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

- Keep abreast of all issues that affect trading conditions, review selected new opportunities and seek ways to maximise use of the clubs facilities;
- Present to members a 5 year strategic plan for their consideration and approval that will guide future investments and development opportunities;
- Improve and maintain all facilities to meet the needs of members as we continue to grow;
- Capturing the club's rich tennis heritage and we will enhance awareness and our tennis credentials by trailing co-hosted sanctioned tennis events;
- Execute new member recruitment campaigns and member coaching strategies aiming particularly to increase female tennis membership and successful Badge participation;
- Train and develop staff and Board members to meet future needs and operating demands; and
- Adoption of state of the art business software to stay at the forefront of club administration which includes integrated systems such as membership, boom gates and rewards points.

### 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, B.Economics (MU)

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

# Strathfield Recreation Club Limited

ABN: 67 000 001 178

## Directors' Report

30 September 2018

### Information on directors

KELLY, Christopher

Qualifications

Retired, Fellow Certified Practising Accountant, Fellow member of Chartered Secretaries, Managers and Administrators

SORAL, Dharendra

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 2018 the collective liability of members was \$ 8,670 (2017: \$ 4,320).

### 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 attended	Number eligible to attend
KING, Graham	9	12
LOW, Philip	12	12
BOW, Robert	9	12
HART, Daryl	11	12
PADD, Mark	10	12
KELLY, Christopher	10	12
SORAL, Dharendra	8	12

### 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 2018 has been received and can be found on page 4 of the financial report.

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

Director: .....

PADD, Mark

Date: 11 January 2019

Director: .....

LOW, Philip

Strathfield Recreation Club Limited  
ABN: 67 000 001 178

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

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2018, 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



SCOTT TOBUTT  
PARTNER

11 JANUARY 2019  
SYDNEY, NSW

**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 September 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Revenue</b>			
Revenue from ordinary activities	2	<b>5,434,949</b>	5,152,934
<b>Expenses</b>			
Raw materials and consumables used		<b>(655,201)</b>	(657,430)
Employee benefits expense	3	<b>(989,203)</b>	(848,631)
Depreciation, amortisation and impairment	3	<b>(357,582)</b>	(218,887)
Borrowing costs	3	<b>(6,766)</b>	(5,569)
Other operating expenses	3	<b>(2,289,355)</b>	(2,296,818)
<b>Profit before income tax</b>		<b>1,136,842</b>	1,125,599
Income tax expense	1(k)	-	-
<b>Profit for the year</b>		<b>1,136,842</b>	1,125,599
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,136,842</b>	1,125,599

The accompanying notes form part of these financial statements.

# Strathfield Recreation Club Limited

ABN: 67 000 001 178

## Statement of Financial Position

As At 30 September 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4	1,903,179	3,857,655
Trade and other receivables	5	25,218	35,484
Inventories	6	18,948	31,677
Other assets	7	61,637	66,992
TOTAL CURRENT ASSETS		<u>2,008,982</u>	<u>3,991,808</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	27,995,320	23,267,710
Intangible assets	9	951,050	1,071,050
TOTAL NON-CURRENT ASSETS		<u>28,946,370</u>	<u>24,338,760</u>
TOTAL ASSETS		<u>30,955,352</u>	<u>28,330,568</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	179,434	197,473
Borrowings	11	1,497,280	48,239
Employee benefits	12	72,834	65,893
Other liabilities	13	95,556	45,557
TOTAL CURRENT LIABILITIES		<u>1,845,104</u>	<u>357,162</u>
TOTAL LIABILITIES		<u>1,845,104</u>	<u>357,162</u>
NET ASSETS		<u>29,110,248</u>	<u>27,973,406</u>
<b>EQUITY</b>			
Reserves	14	20,895,146	20,895,146
Retained earnings		8,215,102	7,078,260
TOTAL EQUITY		<u>29,110,248</u>	<u>27,973,406</u>

The accompanying notes form part of these financial statements.



**Strathfield Recreation Club Limited**

ABN: 67 000 001 178

**Statement of Changes in Equity**  
**For the Year Ended 30 September 2018**

	<b>Retained Earnings</b>	<b>Reserves</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 October 2017</b>	<b>7,078,260</b>	<b>20,895,146</b>	<b>27,973,406</b>
Profit for the year	<b>1,136,842</b>	-	<b>1,136,842</b>
<b>Balance at 30 September 2018</b>	<b>8,215,102</b>	<b>20,895,146</b>	<b>29,110,248</b>
<b>Balance at 1 October 2016</b>	5,952,661	20,895,146	26,847,807
Profit for the year	1,125,599	-	1,125,599
<b>Balance at 30 September 2017</b>	<b>7,078,260</b>	<b>20,895,146</b>	<b>27,973,406</b>

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 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	5,955,127	5,083,859
Payments to suppliers and employees	(4,022,347)	(3,291,575)
Interest received	27,235	43,844
Finance costs	(6,766)	(5,569)
Net cash provided by operating activities	<u>1,953,249</u>	<u>1,830,559</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property, plant & equipment	(263,929)	(372,137)
Capitalised expenditure for redevelopment	(5,142,837)	(596,731)
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	<u>(5,406,766)</u>	<u>(1,718,868)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from borrowings	1,499,041	52,789
Net cash provided by financing activities	<u>1,499,041</u>	<u>52,789</u>
Net increase / (decrease) in cash and cash equivalents held	(1,954,476)	164,480
Cash and cash equivalents at beginning of year	3,857,655	3,693,175
Cash and cash equivalents at end of financial year	4 <u>1,903,179</u>	<u>3,857,655</u>

The accompanying notes form part of these financial statements.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

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.

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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.

Future capital improvements is capitalised within property, plant and equipment, capital works in progress. When development is completed, the asset will be transferred to plant and equipment. No depreciation is charged during the development phase.

#### **(e) Intangible Assets**

##### **Poker machine entitlements**

Poker machine entitlements are initially recorded at cost. Poker machine entitlements have an 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

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **1 Summary of Significant Accounting Policies**

#### **(f) Financial instruments**

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
- (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.

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **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.

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **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.

## **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **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 2018, 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 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 have made the decision to delay the independent valuation of its land and buildings until the completion of the work which is expected to occur early 2019. There were no indicators of impairment identified during the Directors assessment of fair value, therefore the disclosed balance is still considered to be reasonable.



## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

## 2 Revenue and Other Income

	2018	2017
	\$	\$
<b>Revenue from continuing operations attributable to operating activities:</b>		
- Membership and subscriptions	90,293	69,813
- Bar sales	1,370,413	1,438,826
- Poker machine clearance (net of payouts)	3,215,035	2,935,705
- Rental revenue	50,043	100,157
- Golden Goal revenue	394,591	329,429
- Other sales revenue	272,339	235,160
	<u>5,392,714</u>	<u>5,109,090</u>
<b>Other income</b>		
- Government grants	15,000	-
- Interest received	27,235	43,844
	<u>42,235</u>	<u>43,844</u>
	<u><u>5,434,949</u></u>	<u><u>5,152,934</u></u>

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

### 3 Result for the Year

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
<b>Depreciation &amp; impairment:</b>		
Depreciation of buildings	70,723	91,102
Depreciation of plant and equipment	166,859	127,785
Impairment of intangibles - Golden Goal	120,000	-
	<b>357,582</b>	<b>218,887</b>
<b>Borrowing costs:</b>		
Interest on Loan	6,766	5,569
<b>Employee benefits expense:</b>		
Salary and employee benefit expense	883,769	755,027
Contributed superannuation	77,056	64,946
Other employment costs	28,378	28,658
	<b>989,203</b>	<b>848,631</b>
<b>Other operating expenses:</b>		
Accounting and auditing	46,230	45,970
Advertising and promotions	14,632	9,530
Bank fees and charges	77,387	37,372
Cleaning and rubbish removal	36,925	36,549
Computer expenses and Internet expenses	21,126	24,403
Consulting expense and legal	11,259	23,861
Donations and community support program	153,000	167,802
Event and function expenses	32,542	5,855
General and administration	15,721	5,556
Hire/rent of plant and equipment	42,676	91,183
Insurances	64,426	78,498
Keno and TAB expenses	6,691	8,851
Materials and supplies	90,798	85,047
Light, power and rates	81,975	72,960
Other administration charges	154,635	142,040
Poker machine tax	550,312	478,668
Registration and subscriptions	15,861	22,489
Repairs and maintenance	188,641	193,834
Security	180,879	157,653
Subscriptions	50,972	51,074
Telephone and internet	11,093	9,484
Asset write offs	441,574	548,139
	<b>2,289,355</b>	<b>2,296,818</b>

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

### Notes to the Financial Statements

For the Year Ended 30 September 2018

#### 4 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	165,804	152,946
Cash at bank	1,737,375	3,704,709
	<u>1,903,179</u>	<u>3,857,655</u>

#### 5 Trade and other receivables

CURRENT		
Trade receivables	<u>25,218</u>	<u>35,484</u>

#### 6 Inventories

CURRENT		
Stock on hand, at cost	<u>18,948</u>	<u>31,677</u>

#### 7 Other Assets

CURRENT		
Prepayments	<u>61,637</u>	<u>66,992</u>

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

## Notes to the Financial Statements

For the Year Ended 30 September 2018

### 8 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<b>20,592,457</b>	20,592,457
Buildings		
At cost	<b>1,079,456</b>	1,664,316
Less accumulated depreciation	<b>(328,792)</b>	(464,217)
	<b>750,664</b>	1,200,099
Future capital improvements		
At cost	<b>5,880,682</b>	737,845
Plant and equipment		
At cost	<b>1,208,272</b>	1,053,497
Accumulated depreciation	<b>(436,755)</b>	(316,188)
	<b>771,517</b>	737,309
	<b>27,995,320</b>	23,267,710

### 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 Improvements	Furniture, Fixtures and Fittings	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 September 2018</b>					
Balance at the beginning of year	20,592,457	1,200,099	737,845	737,309	23,267,710
Additions	-	6,080	5,142,837	257,849	5,406,766
Disposals - written down value	-	(410,310)	-	(31,264)	(441,574)
Depreciation	-	(45,205)	-	(192,377)	(237,582)
<b>Balance at the end of the year</b>	<b>20,592,457</b>	<b>750,664</b>	<b>5,880,682</b>	<b>771,517</b>	<b>27,995,320</b>

### 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 Club has subsequently commenced procedures to refurbish the premises, therefore the Directors have made the decision to delay the independent valuation of its land and buildings until the completion of the work which is expected to occur in early 2019. There were no indicators of impairment identified during the Directors assessment of fair value, therefore the disclosed balance is still considered to be reasonable.

### Future capital improvements

Future capital improvements relate to expenditure incurred on the refurbishment of the Club premises, which commenced within the 2017 financial year. The value of future capital improvements have been recognised at cost.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

## 9 Intangible Assets

	2018	2017
	\$	\$
<b>Goodwill</b>		
At cost	(a) 600,000	600,000
Accumulated impairment	(120,000)	-
	<u>480,000</u>	<u>600,000</u>
<b>Poker machine entitlements</b>		
At cost	471,050	471,050
Accumulated amortisation and impairment	-	-
	<u>471,050</u>	<u>471,050</u>
	<u>951,050</u>	<u>1,071,050</u>

### (a) Goodwill

On the 26th of October 2016, the Club purchased the "Golden Goal" business for \$750,000. 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. Identifiable assets included in the purchase price were valued at \$150,000 with a remaining \$600,000 classified as goodwill.

Management has performed an impairment assessment on the goodwill at 30 September 2018, with an impairment of \$120,000 recognised.

## 10 Trade and other payables

### CURRENT

Trade payables	214,246	91,399
Payroll accrual	21,877	15,471
GST (receivable) / payable	(56,689)	90,603
	<u>179,434</u>	<u>197,473</u>

## 11 Borrowings

### CURRENT

#### Unsecured liabilities:

Other loans	52,202	48,239
-------------	--------	--------

#### Secured liabilities:

Bank loans	1,445,078	-
	<u>1,497,280</u>	<u>48,239</u>

### Bank loans

Bank loans consist of four commercial bills totalling \$1,445,078 held with St George Bank. The loans are payable at a variable rate of interest and are secured by the Club's assets (including property) and undertakings.

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

### 12 Provisions

	2018	2017
	\$	\$
CURRENT		
Provision for employee benefits	<u>72,834</u>	65,893

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 October 2017	53,481	12,412	65,893
Net movement in additional provisions and amounts used	<u>8,230</u>	<u>(1,289)</u>	<u>6,941</u>
<b>Balance at 30 September 2018</b>	<u><u>61,711</u></u>	<u><u>11,123</u></u>	<u><u>72,834</u></u>

### 13 Other liabilities

CURRENT		
Advance payments - members subscriptions	38,596	38,597
Advance payments - GST rebates	50,000	-
Rental Bond	6,960	6,960
	<u>95,556</u>	<u>45,557</u>

### 14 Reserves

Asset revaluation reserve - land and buildings	(a) 20,742,457	20,742,457
Capital profits reserve	<u>152,689</u>	<u>152,689</u>
<b>Total reserves</b>	<u><u>20,895,146</u></u>	<u><u>20,895,146</u></u>

#### (a) Asset revaluation reserve

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

## Strathfield Recreation Club Limited

ABN: 67 000 001 178

# Notes to the Financial Statements

For the Year Ended 30 September 2018

## 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:

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,903,179	3,857,655
Trade and other receivables	25,218	35,484
<b>Total financial assets</b>	<u>1,928,397</u>	<u>3,893,139</u>
<b>Financial Liabilities</b>		
Trade and other payables	179,434	197,473
Borrowings	1,497,280	48,239
<b>Total financial liabilities</b>	<u>1,676,714</u>	<u>245,712</u>

## 16 Capital and Leasing Commitments

### Capital commitments

The value of Capital Expenditure contracted totalled \$6,863,904 (exc GST) with \$2,020,033 balance outstanding at the end of the reporting period.

### Operating lease

Minimum lease payments under non-cancellable operating leases:

- not later than one year	13,643	33,729
- between one year and five years	-	11,039
	<u>13,643</u>	<u>44,768</u>

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

## 17 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Club was \$ 172,525 (2017: \$ 148,619).

## 18 Contingencies

The Club has \$265,100 in security deposit guarantees held with St George Bank at 30 September 2018 (2017: \$69,100).

## **Strathfield Recreation Club Limited**

ABN: 67 000 001 178

# **Notes to the Financial Statements**

**For the Year Ended 30 September 2018**

### **19 Related Parties**

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

### **20 Events Occurring After the Reporting Date**

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

### **21 Company Details**

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

Strathfield Recreation Club Limited  
4a Lyons Street  
Strathfield NSW 2135



**Strathfield Recreation Club Limited**


ABN: 67 000 001 178

**Directors' Declaration**

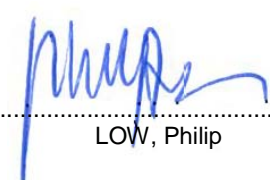
The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 5 to 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 2018 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: .....  
  
RADD, Mark

Date: 11 January 2019

Director: .....  
  
LOW, Philip

## 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 2018, 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 2018 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.

## 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.



PKF



SCOTT TOBUTT  
PARTNER

11 JANUARY 2019  
SYDNEY, NSW