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Penshurst RSL Club Co-op Limited

ABN 56 430 538 750

Annual Financial Report  
31 December 2017

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# Penshurst RSL Club Co-op Limited

## Directors' Report

The directors present their report, together with the financial statements of Penshurst RSL Club Co-op Limited for the year ended 31 December 2017.

### Directors

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

John Hoban  
Trevor James  
Therese Gardner  
Susie Bourke  
Albert Annesley  
Graham Grant  
Michael Korfias

### Information on directors

John Hoban	Retired Public Relations Manager Appointed President 20 March 2016 Director 12 years
Trevor James	Machinist Appointed Vice President 20 March 2016 Director 4 years
Therese Gardner	Bookkeeper Director 7 years
Susie Bourke	Medical Receptionist Director 6 years
Albert Annesley	Retired Businessman Director 4 years
Graham Grant	Retired Petro-Chemical Workshop Manager Director 2 years
Michael Korfias	Airport Shift Manager Director 2 years

# Penshurst RSL Club Co-op Limited

## Directors' Report

### Directors' meetings

The number of meetings of the Club's Board of Directors (the Board) and of each board committee held during the year ended 31 December 2017 and the number of meetings attended by each director were:

Director	<u>BOARD MEETINGS</u>	
	Number of Meetings Held *	Number of Meetings Attended
John Hoban	12	12
Trevor James	12	11
Therese Gardner	12	11
Susie Bourke	12	12
Albert Annesley	12	12
Graham Grant	12	12
Michael Korfias	12	11

\* Number of meetings held during the time the director held office during the year.

### Principal activities

The principal activity of the Club during the course of the financial year was to trade as a Licensed Club, and there has been no significant change in the nature of this activity since the last report.

### Review and results of operations

The trading profit for the year (before tax) amounted to \$546,670 compared with \$603,524 for the prior year. This result is after charging \$651,065 (2016: \$513,193) for depreciation.

### Dividends

The Club is a non-profit organisation and is prevented by its articles from paying dividends.

### State of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Club that occurred during the financial year under review.

### Environmental regulation

The Club's operations are subject to various environmental regulations under either Commonwealth or State legislation.

The directors are not aware of any significant breaches during the period covered by this report.

# Penshurst RSL Club Co-op Limited

## Directors' Report

### Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Club to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

### Likely developments

The directors do not anticipate any particular development in the operations of the Club, which will affect the results of the Club in subsequent years.

### Contracts with directors

No Director, their firm or a company of which they have a substantial financial interest has, since the previous Directors' Report, received or become entitled to receive any benefit from a contract entered into with the Club, other than those which may be considered to be of a normal commercial nature.

### Directors' indemnity

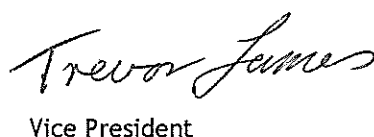
The Club has provided for and paid premiums during the year for current Directors & Officers liability insurance. The insurance is in respect of the legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than wilful breach of duty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the Club.

Signed in accordance with a resolution of the directors.

Dated at Penshurst this 20th day of February 2018



President



Vice President

Penshurst RSL Club Co-op Limited

Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Sale of goods		1,133,576	1,179,590
Rendering of services		4,570,242	4,399,795
Other revenue		61,130	62,076
		<hr/>	<hr/>
Total revenue	1	5,764,948	5,641,461
		<hr/>	<hr/>
<b>Expenses</b>			
Raw materials and consumables used		367,165	377,780
Employee benefits expense		1,519,716	1,549,429
Depreciation	2	651,065	513,193
Finance costs	2	131,916	103,859
Marketing and promotional expenses		724,235	724,618
Poker machine licences and taxes		824,459	777,136
Occupancy expenses		632,311	612,094
Other expenses		367,411	379,828
		<hr/>	<hr/>
		5,218,278	5,037,937
		<hr/>	<hr/>
Profit before income tax		546,670	603,524
Income tax expense	3	-	-
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		546,670	603,524
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		546,670	603,524
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 8 to 25.

Penshurst RSL Club Co-op Limited  
Statement of Financial Position  
As at 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		751,571	350,504
Trade and other receivables		7,188	7,479
Inventories		47,843	47,958
Prepayments		82,159	83,488
<b>Total Current Assets</b>		<b>888,761</b>	<b>489,429</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	15,282,790	15,226,083
Investment property	5	1,414,114	1,422,057
<b>Total Non-Current Assets</b>		<b>16,696,904</b>	<b>16,648,140</b>
<b>Total Assets</b>		<b>17,585,665</b>	<b>17,137,569</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	654,618	328,201
Financial liabilities	7	527,476	476,953
Employee benefits	8	180,248	224,659
Income received in advance		15,214	13,220
<b>Total Current Liabilities</b>		<b>1,377,556</b>	<b>1,043,033</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	7	1,886,100	2,315,407
Employee benefits	8	34,276	40,025
Income received in advance		10,047	8,088
Deferred tax liability	3	1,379,872	1,379,872
<b>Total Non-Current Liabilities</b>		<b>3,310,295</b>	<b>3,743,392</b>
<b>Total Liabilities</b>		<b>4,687,851</b>	<b>4,786,425</b>
<b>Net Assets</b>		<b>12,897,814</b>	<b>12,351,144</b>
<b>Members' Funds</b>			
Reserves	9	3,397,606	3,397,606
Retained profits		9,500,208	8,953,538
<b>Total Members' Funds</b>		<b>12,897,814</b>	<b>12,351,144</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 8 to 25.

Penshurst RSL Club Co-op Limited  
Statement of Changes in Members' Funds  
For the Year Ended 31 December 2017

	Reserves \$	Retained Earnings \$	Total Equity \$
<b>Balance at 31 December 2015</b>	3,397,606	8,350,014	11,747,620
Net profit after income tax expense for the year	-	603,524	603,524
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	-	603,524	603,524
<b>Balance at 31 December 2016</b>	3,397,606	8,953,538	12,351,144
Net profit after income tax expense for the year	-	546,670	546,670
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	-	546,670	546,670
<b>Balance at 31 December 2017</b>	3,397,606	9,500,208	12,897,814

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 8 to 25.

Penshurst RSL Club Co-op Limited  
Statement of Cash Flows  
For the Year Ended 31 December 2017

	2017 \$	2016 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	6,274,493	6,132,770
Payments to suppliers and employees	(4,724,026)	(5,077,335)
Interest received	395	402
Rent received	60,735	59,838
Finance costs paid	(131,916)	(103,859)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	1,479,681	1,011,816
	<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of plant and equipment	6,670	3,164
Payment for property, plant and equipment	(706,500)	(2,158,351)
	<hr/>	<hr/>
<b>Net cash (outflow) from investing activities</b>	(699,830)	(2,155,187)
	<hr/>	<hr/>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	45,591	2,755,933
Repayment of borrowings	(333,900)	(1,598,300)
Hire purchase lease repayments	(90,475)	(77,971)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from financing activities</b>	(378,784)	1,079,662
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	401,067	(63,709)
<b>Cash and cash equivalents at the beginning of the financial year</b>	350,504	414,213
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	751,571	350,504
	<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 8 to 25.



# Penshurst RSL Club Co-op Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

## About this report

Penshurst RSL Club Co-op Limited is a co-operative domiciled in Australia and is a not-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Penshurst RSL Club Co-op Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 20 February 2018.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Co-operatives National Law (NSW), Co-operatives National Regulation (NSW) and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Have had comparative information restated to conform with changes in presentation in the current year, where necessary;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Club and effective for reporting periods beginning on or after 1 January 2016; and
- Have been prepared on an ongoing concern basis.

## The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the club. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the Club;
- It helps to explain the impact of significant changes in the Club's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Club's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

## Critical Accounting Judgements, Estimates and Assumptions Also refer Note 15(i)

In the process of applying the Club's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 4
Estimation of useful lives of assets	Note 4
Long service leave liability	Note 8
Fair value of property	Notes 4 and 5

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

	2017 \$	2016 \$
<b>1 Revenue and Other Income</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	1,133,576	1,179,590
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	4,372,792	4,159,272
Keno commission received	53,673	60,566
Members' subscriptions	21,434	27,681
Entertainment and promotions	7,550	18,197
TAB commission received	13,701	7,166
Room hire	40,659	48,195
Brassiere utilities recovery	39,969	52,465
Sundry income	20,464	26,253
	<u>4,570,242</u>	<u>4,399,795</u>
<b>Other Revenues</b>		
Interest received	395	402
Rent received	60,735	59,838
Net gain on disposal of non-current assets	-	1,836
	<u>61,130</u>	<u>62,076</u>
<b>Total Revenue</b>	<u>5,764,948</u>	<u>5,641,461</u>

### Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

#### Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

1 Revenue and Other Income (continued)

**Rendering of Services**

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the Club and is recognised when the services are provided.

**Interest Revenue**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**Rent Revenue**

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

	2017 \$	2016 \$
<b>2 Expenses</b>		
Profit before income tax includes the following specific expenses:		
<b>Cost of sales</b>		
Raw materials and consumables used	367,165	377,780
	<hr/>	<hr/>
<b>Finance costs</b>		
Bank loans	120,911	85,309
Finance lease charges	11,005	18,550
	<hr/>	<hr/>
	131,916	103,859
	<hr/>	<hr/>
<b>Depreciation</b>		
Buildings, improvements and investment property	121,308	88,776
Plant and equipment	529,757	424,417
	<hr/>	<hr/>
Total depreciation	651,065	513,193
	<hr/>	<hr/>
Defined contribution superannuation expense	126,101	126,027
	<hr/>	<hr/>
Net (gain)/expense from movement in provisions for employee entitlements	(50,160)	11,754
	<hr/>	<hr/>
Net loss on disposal of non-current assets	315	-
	<hr/>	<hr/>

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

2 Expenses (continued)

Recognition and Measurement

Finance Costs

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

Impairment of Assets

Non-financial assets are reviewed 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 carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

3 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

(b) Deferred Tax Assets

Deferred Tax Asset Not Taken to Account

Deferred tax assets attributable to tax losses carried forward and temporary differences has not been recognised as an asset because recovery is not probable.

	2017 \$	2016 \$
Tax losses carried forward	256,162	298,034
Timing differences	13,238	14,149
	269,400	312,183

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

3 Income Tax (continued)

These benefits will only be obtained if:

- i) The Club derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised.
- ii) The Club continues to comply with the conditions for deductibility imposed by law, and
- iii) No changes in tax legislation adversely affect the Club in realising the benefit.

	2017 \$	2016 \$
(c) Deferred Tax Liability		
Unrealised gain on revaluation of land and buildings	1,379,872	1,379,872
	<hr/>	<hr/>

**Recognition and Measurement**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

	2017 \$	2016 \$
<b>4 Property, Plant and Equipment</b>		
Freehold land <i>At independent valuation 2015</i>	7,500,000	7,500,000
Buildings and improvements <i>At independent valuation 2015</i>	4,850,000	4,850,000
<i>Gaming floor renovation - at cost</i>	1,303,177	-
<i>Transfers from capital WIP - gaming floor renovation</i>	-	1,296,177
<i>Accumulated depreciation</i>	(196,234)	(82,869)
	13,456,943	13,563,308
Plant and equipment <i>At cost</i>	5,845,528	5,470,621
<i>Accumulated depreciation</i>	(4,045,281)	(3,807,846)
	1,800,247	1,662,775
Capital WIP - <i>at cost</i>	25,600	-
Total property, plant and equipment net book value	15,282,790	15,226,083

Refer to Note 7 for details of security over property, plant and equipment.

### Recognition and Measurement

Freehold land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same class of land and buildings recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to that class of land and buildings.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

#### 4 Property, Plant and Equipment (continued)

All other property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Club and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line / diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings and improvements	60 years
Plant and equipment	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

#### Valuation

An independent valuation of the Club's freehold land and buildings was carried out in December 2015 on the basis of open market value for existing use resulting in a valuation of \$12,350,000. The directors do not believe that there has been a material movement in the fair value since the valuation date.

#### Sale of Property, Plant and Equipment

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

4 Property, Plant and Equipment (continued)

Reconciliations	2017 \$	2016 \$
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Freehold Land, Buildings and Improvements</b>		
Carrying amount at beginning of year	13,563,308	12,350,000
Transfer from capital WIP - gaming floor renovation	-	1,296,177
Additions	7,000	-
Depreciation	(113,365)	(82,869)
	<hr/>	<hr/>
Carrying amount at end of year	13,456,943	13,563,308
	<hr/>	<hr/>
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	1,662,775	1,224,308
Additions	673,900	227,387
Transfers from capital WIP	-	634,789
Disposals	(6,671)	(1,328)
Depreciation expense	(529,757)	(422,381)
	<hr/>	<hr/>
Carrying amount at end of year	1,800,247	1,662,775
	<hr/>	<hr/>
<b>Capital Work-in-progress</b>		
Carrying amount at beginning of year	-	49,365
Additions	25,600	1,930,966
Transfers from capital WIP	-	(1,930,966)
Write-off	-	(49,365)
	<hr/>	<hr/>
Carrying amount at end of year	25,600	-
	<hr/>	<hr/>

**Core Properties held by the Club**

58A Penshurst Street, Penshurst NSW 2222

**Non-core Properties held by the Club**

25, 27, 29 and 31 Connelly Street, Penshurst NSW 2222



Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

5 Investment Property

	2017 \$	2016 \$
Freehold land at fair value	953,333	953,333
Buildings at fair value	476,667	476,667
Accumulated depreciation	(15,886)	(7,943)
	<hr/>	<hr/>
	1,414,114	1,422,057
	<hr/>	<hr/>
<b>Movements in Carrying Amounts</b>		
Carrying amount at beginning of year	1,422,057	1,430,000
Depreciation	(7,943)	(7,943)
	<hr/>	<hr/>
Carrying amount at end of year	1,414,114	1,422,057
	<hr/>	<hr/>

**Valuation**

An independent valuation of the Club's freehold land and buildings was carried out in December 2015 on the basis of open market value for existing use resulting in a valuation of \$1,430,000. The directors do not believe that there has been a material movement in the fair value since the valuation date.

**Non-core Property**

52 Penshurst Street, Penshurst NSW 2222

**Recognition and Measurement**

Investment properties principally comprise freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Club. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Borrowings are classified as non-current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

6 Trade and Other Payables

	2017 \$	2016 \$
<b>Current</b>		
Trade payables	435,845	173,382
Other payables and accrued expenses	218,773	154,819
	<hr/> 654,618	<hr/> 328,201

**Recognition and Measurement**

These amounts represent liabilities for goods and services provided to the Club prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

7 Financial Liabilities

	2017 \$	2016 \$
<b>Financing Arrangements</b>		
The Club has access to the following lines of credit:		
Total facilities available:		
Commercial bills	2,600,000	2,600,000
Asset finance - hire purchase liabilities	300,000	300,000
Credit card	5,000	5,000
	<hr/> 2,905,000	<hr/> 2,905,000

Facilities utilised at reporting date:

**Current Financial Liabilities**

Bank loans	351,700	333,900
Asset finance - hire purchase liabilities	175,776	143,053
	<hr/> 527,476	<hr/> 476,953

**Non-Current Financial Liabilities**

Bank loans	1,818,400	2,169,500
Asset finance - hire purchase liabilities	67,700	145,907
	<hr/> 1,886,100	<hr/> 2,315,407

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

## 7 Financial Liabilities (continued)

### Bank Loans

The bank loan is denominated in Australian dollars.

The bank loan's non-current balance represents the portion of the Club's bank loan not due within one year.

### Security

- i) The commercial bill facility is secured by first registered general security agreement over the assets and undertakings of the Club and first registered real property mortgage over the property located at 52 and 58a Penshurst Street, Penshurst NSW 2222.
- ii) Hire purchase liabilities are secured by first registered specific security agreement over equipment suitable to be financed by St George Bank given by the Club.

### Recognition and Measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

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 end of the reporting period.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

	2017 \$	2016 \$
<b>8 Employee Benefits</b>		
<b>Current Employee Benefits</b>		
Long service leave	74,500	85,755
Annual leave	105,748	138,904
	<hr/>	<hr/>
	180,248	224,659
	<hr/>	<hr/>
<b>Non-Current Employee Benefits</b>		
Long service leave	34,276	40,025
	<hr/>	<hr/>

**Superannuation Plans**

**Contributions**

The Club is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

**Recognition and Measurement**

**Wages and Salaries, Annual Leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**Long Service Leave**

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on corporate bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

**Superannuation Plan**

The Club contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The Club has no legal or constructive obligation to fund any deficit.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

	2017 \$	2016 \$
<b>9 Reserves</b>		
Capital profits reserve	545,000	545,000
Asset revaluation reserve	2,838,203	2,838,203
Members' withdrawn share reserve	14,403	14,403
	<hr/>	<hr/>
	3,397,606	3,397,606
	<hr/>	<hr/>

**10 Commitments**

**Hire Purchase Commitments**

Hire purchase payments are payable as follows:

Within one year	127,500	114,811
One year or later and no later than five years	75,966	151,652
	<hr/>	<hr/>
	203,466	266,463
Less: Future hire purchase charges	(11,968)	(16,748)
	<hr/>	<hr/>
	191,498	249,715
	<hr/>	<hr/>

The Club hires plant and equipment under hire purchase agreements expiring from one to five years. The hire purchase facility is secured against the assets purchased under this facility in Note 4.

Penshurst RSL Club Co-op Limited  
 Notes to the Financial Statements  
 For the Year Ended 31 December 2017

10 Commitments (continued)

**Recognition and Measurement**

Leases under which the Club assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

**Finance Leases**

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

**Operating Leases**

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

11 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the Club during the financial year:

John Hoban  
 Trevor James  
 Therese Gardner  
 Susie Bourke  
 Albert Annesley  
 Graham Grant  
 Michael Korfias

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Club, directly or indirectly during the financial year:

Name	Position
Chris Hendley	Chief Executive Officer

(c) Key Management Personnel Compensation

	2017 \$	2016 \$
Benefits and payments made to the Directors and Other Key Management Personnel	170,224	171,171
	<hr/>	<hr/>

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

## 12 Related Parties

### Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

### Transactions with related parties

From time to time the Club pays, and is subsequently reimbursed, for various expenses on behalf of the Sub Branch. During the 2017 financial year the Club paid \$21,634 (2016: \$18,268) on behalf of the Sub Branch and the Club was reimbursed \$21,925 (2016: \$17,127).

During the 2017 financial year the Club provided funding, through the Club Grants scheme, of \$1,650 to the Sub Branch (2016: \$1,700).

The surplus amount of expenses reimbursed by the Branch in 201, totalling \$291, and the amount receivable from the Sub Branch at 31 December 2016 (\$2,377 as outlined below) reconcile to the receivable from the Sub Branch at 31 December 2017 (\$2,086 outlined below).

During the 2017 and 2016 financial years the Club made available office space to the Sub Branch at no cost.

From time to time, directors of the Club, or their director-related entities, may purchase goods from the Club. These purchases are on the same terms and conditions as those entered into by other Club employees or customers.

No director has entered into a material contract with the Club since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

### Receivable from and payable to related parties

As at 31 December 2017, the Club recognised a receivable of \$2,086 (2016: \$2,377) from the Sub Club.

There were no other receivables from or payables to related parties at the current and previous reporting date.

## 13 Club Details

The Club is incorporated and domiciled in Australia as a Co-operative.

The registered office of the Club is 58A Penshurst Street, Penshurst NSW 2222.

## 14 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have 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.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

## 15 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The company is a not-for-profit company for the purpose of preparing these financial statements, which means that in preparing the financial report, the company has applied the exemptions available for not-for-profit entities.

The financial report was authorised for issue on 20 February 2018, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

### **New, Revised or Amending Accounting Standards and Interpretations Adopted**

The Club has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### (b) Goods and Services Tax

Revenues, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

### (c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

## 15 Summary of Significant Accounting Policies

### (d) Financial Assets

The Club classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired and subsequent reclassification to other categories is restricted to limited circumstances. Management determines the classification of its investments at initial recognition.

All financial assets are recognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

#### Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. They arise when the Club provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

### (f) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available for sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Club is the current bid price.

The carrying value of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Club for similar liabilities.

Penshurst RSL Club Co-op Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2017

15 Summary of Significant Accounting Policies

(g) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(h) Customer Loyalty Program

The Club operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Points carried forward for level 1 and level 2 patrons were accrued at year end, whilst points for level 3 and level 4 patrons were cleared, as they were forfeited at year end.

(i) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimation of Useful Lives of Assets**

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Long Service Leave Provision**

As discussed in note 8, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Fair Value - Property**

Independent valuations of land and buildings are received every three years. In the other years, the directors form a view whether there is a material variance from this valuation.

# Penshurst RSL Club Co-op Limited

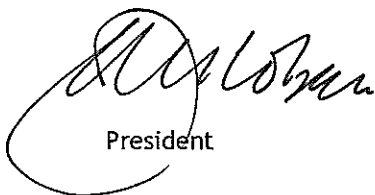
## Directors' Declaration

The directors of the Club declare that:

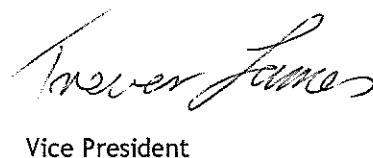
- (a) The financial statements and notes attached:
  - i) Comply with Accounting Standards, the Co-operatives National Law (NSW) and the Co-operatives National Regulations (NSW); and
  - ii) Give a true and fair view of the financial position as at 31 December 2017 and performance and cash flows for the year ended on that date of the Club.
- (b) 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.

Dated at Penshurst this 20th day of February 2018.

Signed in accordance with a resolution of the Directors.



President



Vice President