
Penshurst RSL Club Co-op Limited

ABN 56 430 538 750

**Annual Financial Report
31 December 2016**

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 2016.

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
Kim Thompson
Kevin Kelly

Information on directors

John Hoban	Retired Public Relations Manager Appointed President 20 March 2016 Director 11 years
Trevor James	Machinist Appointed Vice President 20 March 2016 Director 3 years
Therese Gardner	Bookkeeper Director 6 years
Susie Bourke	Medical Receptionist Director 5 years
Albert Annesley	Retired Businessman Director 3 years
Graham Grant	Retired Petro-Chemical Workshop Manager Appointed Director 20 March 2016
Michael Korfias	Airport Shift Manager Appointed Director 20 March 2016
Kim Thompson	Retired Public Servant Director 2 years Resigned as Director 20 March 2016
Kevin Kelly	Retired National Sales Manager Director 6 years Resigned as Director 20 March 2016

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 2016 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	11
Trevor James	12	11
Therese Gardner	12	11
Susie Bourke	12	11
Albert Annesley	12	12
Graham Grant	9	9
Michael Korfias	9	8
Kim Thompson	3	2
Kevin Kelly	3	3

* 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 \$603,524 compared with \$508,761 for the prior year. This result is after charging \$513,193 (2015: \$496,651) for depreciation and before crediting nil (2015: \$545,000) for gain on revaluation of the investment property. The profit before tax for the year amounted to \$603,524 (2015: \$1,053,761).

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.

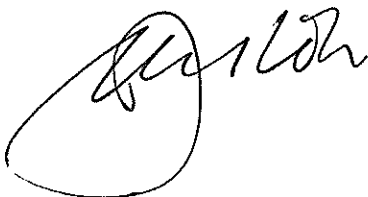
Directors' indemnity

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 21st day of February 2017

President



Vice President



Penshurst RSL Club Co-op Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue			
Sale of goods		1,179,590	1,206,088
Rendering of services		4,399,795	4,169,844
Other revenue		62,076	59,170
		<hr/>	<hr/>
Total revenue	1	5,641,461	5,435,102
		<hr/>	<hr/>
Other income	1	-	545,000
		<hr/>	<hr/>
Expenses			
Raw materials and consumables used		377,780	403,744
Employee benefits expense		1,549,429	1,442,147
Depreciation	2	513,193	496,651
Finance costs	2	103,859	110,422
Marketing and promotional expenses		724,618	704,876
Poker machine licences and taxes		777,136	732,973
Occupancy expenses		612,094	681,625
Other expenses		379,828	353,903
		<hr/>	<hr/>
		5,037,937	4,926,341
		<hr/>	<hr/>
Profit before income tax		603,524	1,053,761
Income tax expense	3	-	163,500
		<hr/>	<hr/>
Net profit after income tax expense attributable to members		603,524	890,261
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax			
Unrealised gain on revaluation of land and buildings		-	2,838,203
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		603,524	3,728,464
		<hr/> <hr/>	<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 27.

Penshurst RSL Club Co-op Limited
Statement of Financial Position
As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		350,504	414,213
Trade and other receivables		7,479	6,381
Inventories		47,958	47,157
Prepayments		83,488	65,218
Total Current Assets		489,429	532,969
Non-Current Assets			
Property, plant and equipment	4	15,226,083	13,623,673
Investment property	5	1,422,057	1,430,000
Total Non-Current Assets		16,648,140	15,053,673
Total Assets		17,137,569	15,586,642
LIABILITIES			
Current liabilities			
Trade and other payables	6	328,201	466,736
Financial liabilities	7	476,953	101,149
Employee benefits	8	224,659	211,843
Income received in advance		13,220	15,547
Total Current Liabilities		1,043,033	795,275
Non-Current Liabilities			
Financial liabilities	7	2,315,407	1,611,549
Employee benefits	8	40,025	41,087
Income received in advance		8,088	11,239
Deferred tax liability	3	1,379,872	1,379,872
Total Non-Current Liabilities		3,743,392	3,043,747
Total Liabilities		4,786,425	3,839,022
Net Assets		12,351,144	11,747,620
Members' Funds			
Reserves	9	3,397,606	3,397,606
Retained profits		8,953,538	8,350,014
Total Members' Funds		12,351,144	11,747,620

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 8 to 27.

Penshurst RSL Club Co-op Limited
Statement of Changes in Equity
For the Year Ended 31 December 2016

	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 31 December 2014	14,403	8,004,753	8,019,156
Net profit after income tax expense for the year	-	890,261	890,261
Transfer of gain on revaluation of investment property	545,000	(545,000)	-
Other comprehensive income for the year, net of tax	2,838,203	-	2,838,203
Total comprehensive income for the year	3,383,203	345,261	3,728,464
Balance at 31 December 2015	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	-	-	-
Total comprehensive income for the year	-	603,524	603,524
Balance at 31 December 2016	3,397,606	8,953,538	12,351,144

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 8 to 27.

Penshurst RSL Club Co-op Limited
Statement of Cash Flows
For the Year Ended 31 December 2016

	2016 \$	2015 \$
Cash Flows From Operating Activities		
Receipts from customers	6,132,770	5,916,499
Payments to suppliers and employees	(5,077,335)	(4,767,782)
Interest received	402	332
Rent received	59,838	58,838
Finance costs paid	(103,859)	(110,422)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,011,816	1,097,465
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from sale of plant and equipment	3,164	17,157
Payment for property, plant and equipment	(2,158,351)	(648,195)
	<hr/>	<hr/>
Net cash (outflow) from investing activities	(2,155,187)	(631,038)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from borrowings	2,755,933	-
Repayment of borrowings	(1,598,300)	(350,000)
Hire purchase lease repayments	(77,971)	(59,675)
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities	1,079,662	(409,675)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(63,709)	56,752
Cash and cash equivalents at the beginning of the financial year	414,213	357,461
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	350,504	414,213
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The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 8 to 27.

Penshurst RSL Club Co-op Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

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 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 company. 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

Key events for the reporting period

Change in Accounting Policy -Adoption of AASB 2015-2

The Club adopted AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 101 with a date of initial application of 1 January 2016.

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

	2016 \$	2015 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	1,179,590	1,206,088
Rendering of Services Revenue		
Poker machines - net clearances	4,159,272	3,941,174
Keno commission received	60,566	61,051
Members' subscriptions	27,681	26,334
Entertainment and promotions	18,197	16,701
TAB commission received	7,166	9,360
Room hire	48,195	34,009
Brassiere utilities recovery	52,465	55,165
Sundry income	26,253	26,050
	4,399,795	4,169,844
Other Revenues		
Interest received	402	332
Rent received	59,838	58,838
Net gain on disposal of non-current assets	1,836	-
	62,076	59,170
Total Revenue	5,641,461	5,435,102
Other income - gain on revaluation of Investment Property	-	545,000
Total other income	-	545,000
Total Revenue and Other Income	5,641,461	5,980,102

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 2016

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.

	2016 \$	2015 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Cost of sales		
Raw materials and consumables used	377,780	403,744
	<hr/>	<hr/>
Finance costs		
Bank loans	85,309	99,982
Finance lease charges	18,550	10,440
	<hr/>	<hr/>
	103,859	110,422
	<hr/>	<hr/>
Depreciation		
Buildings and improvements	88,776	80,000
Plant and equipment	424,417	416,651
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Total depreciation	513,193	496,651
	<hr/>	<hr/>
Defined contribution superannuation expense	126,027	115,903
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Net expense from movement in provisions for employee entitlements	11,754	19,285
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Net loss on disposal of non-current assets	-	924
	<hr/>	<hr/>

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

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.

	2016	2015
	\$	\$
Tax losses carried forward	298,034	294,957
Timing differences	14,149	13,520
	<hr/>	<hr/>
	312,183	308,477
	<hr/> <hr/>	<hr/> <hr/>

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

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.

	2016 \$	2015 \$
(c) Deferred Tax Liability		
Unrealised gain on revaluation of land and buildings	1,379,872	1,379,872
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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 2016

	2016 \$	2015 \$
4 Property, Plant and Equipment		
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>At cost</i>		-
<i>Transfers from capital WIP - gaming floor renovation</i>	1,296,177	
<i>Accumulated depreciation</i>	(82,869)	-
	13,563,308	12,350,000
Plant and equipment <i>At cost</i>	5,470,621	4,708,445
<i>Accumulated depreciation</i>	(3,807,846)	(3,484,137)
	1,662,775	1,224,308
Capital WIP - <i>at cost</i>	-	49,365
	15,226,083	13,623,673
	15,226,083	13,623,673

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 2016

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
Poker machines	5 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 2016

4 Property, Plant and Equipment (continued)

Reconciliations	2016 \$	2015 \$
Movements in Carrying Amounts		
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:		
Freehold Land, Buildings and Improvements		
Carrying amount at beginning of year	12,350,000	8,370,425
Transfer from capital WIP - gaming floor renovation	1,296,177	-
Depreciation	(82,869)	(75,000)
Revaluation increment	-	4,054,575
	<hr/>	<hr/>
Carrying amount at end of year	13,563,308	12,350,000
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	1,224,308	1,060,211
Additions	227,387	598,830
Transfers from capital WIP	634,789	-
Disposals	(1,328)	(18,082)
Depreciation expense	(422,381)	(416,651)
	<hr/>	<hr/>
Carrying amount at end of year	1,662,775	1,224,308
	<hr/> <hr/>	<hr/> <hr/>
Capital Work-in-progress		
Carrying amount at beginning of year	49,365	-
Additions	1,930,966	49,365
Transfers from capital WIP	(1,930,966)	-
Write-off	(49,365)	-
	<hr/>	<hr/>
Carrying amount at end of year	-	49,365
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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 2016

5 Investment Property

	2016 \$	2015 \$
Freehold land at fair value	953,333	953,333
Buildings at fair value	476,667	476,667
Accumulated depreciation	(7,943)	-
	1,422,057	1,430,000
 Movements in Carrying Amounts		
Carrying amount at beginning of year	1,430,000	890,000
Depreciation	(7,943)	(5,000)
Revaluation increment	-	545,000
	1,422,057	1,430,000
Carrying amount at end of year	1,422,057	1,430,000

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 2016

6 Trade and Other Payables

	2016 \$	2015 \$
Current		
Trade payables	173,382	274,689
Other payables and accrued expenses	154,819	192,047
	<hr/>	<hr/>
	328,201	466,736
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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.

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

7 Financial Liabilities

	2016 \$	2015 \$
Financing Arrangements		
The Club has access to the following lines of credit:		
Total facilities available:		
Commercial bills	2,600,000	-
Bank loans	-	2,000,000
Bank overdraft	-	300,000
Asset finance - hire purchase liabilities	300,000	300,000
Credit card	5,000	-
	<hr/>	<hr/>
	2,905,000	2,600,000
	<hr/> <hr/>	<hr/> <hr/>
Facilities utilised at reporting date:		
Current Financial Liabilities		
Bank loans	333,900	-
Asset finance - hire purchase liabilities	143,053	101,149
	<hr/>	<hr/>
	476,953	101,149
	<hr/>	<hr/>
Non-Current Financial Liabilities		
Bank loans	2,169,500	1,550,000
Asset finance - hire purchase liabilities	145,907	61,549
	<hr/>	<hr/>
	2,315,407	1,611,549
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Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

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 2016

	2016 \$	2015 \$
8 Employee Benefits		
Current Employee Benefits		
Long service leave	85,755	71,748
Annual leave	138,904	140,095
	<hr/>	<hr/>
	224,659	211,843
	<hr/> <hr/>	<hr/> <hr/>
Non-Current Employee Benefits		
Long service leave	40,025	41,087
	<hr/> <hr/>	<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 2016

	2016 \$	2015 \$
9 Reserves		
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	114,811	78,552
One year or later and no later than five years	151,652	63,232
	<hr/>	<hr/>
	266,463	141,784
Less: Future hire purchase charges	(16,748)	(7,852)
	<hr/>	<hr/>
	249,715	133,932
	<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 2016

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
Kevin Kelly
Susie Bourke
Kim Thompson
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

	2016 \$	2015 \$
Benefits and payments made to the Directors and Other Key Management Personnel	171,171	135,129
	<hr/>	<hr/>

Penshurst RSL Club Co-op Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

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 2016 financial year the Club paid \$18,268 (2015: \$23,248) on behalf of the Sub Branch and the Club was reimbursed \$17,127 (2015: \$23,620).

The shortfall between the expenses paid by the Club in 2016 (\$1,141) and the amount receivable from the Sub Branch at 31 December 2015 (\$1,236 as outlined below) reconcile to the receivable from the Sub Branch at 31 December 2016 (\$2,377 outlined below).

During the 2016 financial year the Club provided \$1,700 to the Sub Branch from the Club Grants Funding received by the Club (2015: \$800).

During the 2016 and 2015 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 2016, the Club recognised a receivable of \$2,377 (2015: \$1,236) 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 2016

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 21 February 2017, 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.

The following Accounting Standards and interpretations are most relevant to the Club:

- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Club.

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

15 Summary of Significant Accounting Policies (continued)

(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.

(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.

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

15 Summary of Significant Accounting Policies (continued)

(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.

(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 3 patrons were accrued at year end whilst the lower levels were cleared, as they were forfeited.

Penshurst RSL Club Co-op Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

15 Summary of Significant Accounting Policies (continued)

(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.

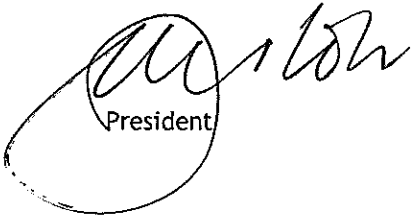
Penshurst RSL Club Co-op Limited Directors' Declaration

The directors of the Club declare that:

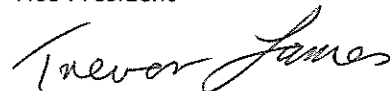
- (a) The financial statements and notes attached:
 - i) Comply with Accounting Standards, the Co-operatives National Law (NSW) and the Co-operatives National Regulations (NSW); and
 - ii) Give a true and fair view of the financial position as at 31 December 2016 and performance and cash flows for the 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 21st day of February 2017.

Signed in accordance with a resolution of the Directors.


President

Vice President



Penshurst RSL Club Co-op Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Penshurst RSL Club Co-op Limited (the Club), which comprises the statement of financial position as at 31 December 2016, 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 other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Club has been prepared in accordance with the Co-operatives National Law (NSW) and the Co-operatives National Regulation (NSW), including:

- (i) giving a true and fair view of the Club's financial position as at 31 December 2016 and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime.

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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS

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Level 7, 3 Horwood Place
Parramatta NSW 2150

PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500

williambuck.com

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Regime, the Co-operatives National Law (NSW) and the Co-operatives National Regulation (NSW) 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 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 has 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 the 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 this 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 Club'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 Club'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 Club 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 which gives a true and view view.

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.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
Chartered Accountants
ABN 16 021 300 521

A handwritten signature in black ink that reads 'Domenic Molluso'.

Domenic Molluso
Principal

Dated this 21st day of February, 2017