

REPORTS & FINANCIAL ACCOUNTS

OF

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

DIRECTORS' REPORT TO MEMBERS

The Directors of Epping R.S.L. Sub-Branch & Community Club Limited submit herewith the annual financial report for the financial year ended 30 June 2016. In order to comply with the provision of the Corporations Act 2001, the directors report as follows:

DIRECTORS - The names of the Directors in office at any time during or since the end of the year are:

David TAYLOR	President Board Chairman	Retired Company General Manager with National and International responsibility. Club Member 22 years, Club President 12 years and Director 19 years. Member of House & Finance and Building Committees. Life Member of the Epping Club. Life Member RSL of Australia and Epping RSL Sub Branch. Committee Member Reserve Forces Day Council. Member National Serviceman's Association of Australia.
Ken WIGHTON	Vice-President	Retired Company Director. Club Director 11 years & Life Member. Club Member 48 years. Member House & Finance Committee. Member and Life Member Epping RSL Sub Branch 24 years. Life Life Member RSL of Australia. President BCOF Veterans (NSW) Association.
John CURDIE OAM	Vice-President - Finance	Member of Order of Australia, Retired Surveyor, Club Member 29 years, Director 12 years; President of Epping RSL Sub-Branch. Life Member of the Club, RSL of Australia and the Epping RSL Sub-Branch; Member of Membership Committee, Member of National Serviceman's Association, Member NSW Reserve Forces Day Council Committee. J.P. Formal Qualifications ME (Syd Uni), Dip TCP. (Syd Uni), Dip Env STD (Mac Uni). Hon Fellow IS.Aust. Hon Mem.F.I.G.
John PRESTIDGE RFD ED	Director	Retired Service Manager-TAFE Lecturer, Club Member 36 years, Director 12 years, Member Membership Committee, Life Member of Club, Life Member of the RSL and Life Member of Epping RSL Sub-Branch, Secretary of Epping RLS Sub-Branch 13 years and member CMF/Army Reserve 29 years. Formal Qualifications Dip Teach. (Tech).
Kirsten BAKER	Director	Operating own business following 8 years in financial services, Club Member 15 years, Director 11 years. Life Member of The Epping Club. Member of Australian Institute of Management (AIMM). Associate Member of Australian Marketing Institute (AMAMI). Formal Qualifications BEc, MCom, Dip FS (FP).
John DONOHOE	Director	Bushranger Historian and Author, Club Member 27 years, Director 10 years, Member of Membership Committee, Level One Fitness Member, Member Epping St Vincent de Paul, Member Epping Civic Trust; Formal qualifications B.Sc (Chem.), D.C.H.
Barry HOSCHKE	Director	Retired Research Scientist, Club Member 22 years, Director 4 years. Member of Membership Committee. Life Member of the RSL of Australia and the Epping RSL Sub Branch Pensions Officer, Magazine Editor Epping RSL Sub Branch. Level One Fitness Member. J.P. Formal Qualifications BSc (UNSW), PhD (UNSW), Dip CM (ICMSA).
MAX FALCONER MBE	Director	Retired Westpac Bank Manager, Member of British Empire (MBE). Club Member 45 years, Director 14 years. Member of Membership Committee, Life Member of Club, RSL of Australia and Epping RSL Sub-Branch. Sub-Branch Member, Sub-Branch Treasurer. Member of CMF/Army Reserve 30 years. President 21FD Regt RAA Association since 1962.

MEETINGS OF COMPANY DIRECTORS

So as to comply with the Corporations Law we detail below the number of meetings held during the financial year and the number of those meetings attended by each Director.

Number of Meetings held: 15	Number of Meetings attended
D. Taylor	15
K. Wighton	14
J. Curdie	15
J. Prestidge	15
K. Baker	14
J. Donohoe	15
B. Hoschke	14
M. Falconer	15

MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute \$2 each towards meeting any outstanding obligations of the company. The total amount contributed would be \$33,902.

REVIEW OF OPERATIONS

The profit of the Company for the financial year before income tax amounted to \$11,074,566 (2015: \$903,823). The profit included a surplus on the sale of non-core properties (\$9,363,395). Income tax of \$3,064,300 was provided (2015: \$200,523).

Club membership was 16,965 as at 30th June 2016 (15,266 as at 30th June 2015) and was made up as follows:

Life Members	14
RSL Members	286
Ordinary Members	16,665
	<u>16,965</u>

OBJECTIVES

The objectives of the club are to operate in a responsible and financially prudent manner with the aim of enhancing membership benefits and contributing to the local community. Epping RSL Club plays an important role in honouring present and returned servicemen and servicewomen.

Specific short and long term objectives include:

Short Term

- Provide the best possible facilities to members
- Encourage new membership
- Improve profitability and efficiency of club operations

Long Term

- Maintain financial stability of the club
- Ensure facilities continue to cater for members' needs
- Diversify income streams

STRATEGY FOR ACHIEVING THE OBJECTIVES

Attract and maintain quality management and staff.

Be flexible and adapt to the changing environment of the club, economy and member demographic characteristics.

To continually review and upgrade facilities of the club.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was that of a Licensed Club conducted for Members and Members' Guests according to the Constitution.

HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES

The principal activities of the club contributed to achieving the objectives by providing a stable base of operations. This ensured the financial stability and generated funds to meet the demands of the company and maintain high levels of service to members and guests.

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data for the industry.

Some of the specific areas reported on and monitored include:

- Earnings before Interest Tax Depreciation and Amortisation (EBITDA)
- Gross Profit Margins
- Expense Ratios and Analysis
- Cash Flow
- Members' Feedback
- Staff Turnover

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration follows and forms part of the directors' report for the financial year ended 30 June 2016.

Dated at Epping this 10th day of August 2016
Signed in accordance with a resolution of the Directors.

D Taylor
Director



K Wighton
Director



EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

DIRECTORS' DECLARATION

The Directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company;
- c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Epping this 10th day of August 2016
Signed in accordance with a resolution of the Directors.

D Taylor
Director



K Wighton
Director



W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

JOHN CHEADLE F.C.A.
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Epping RSL (Sub-Branch) & Community Club Limited, which comprises the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, the Statement of Changes in Members' Funds and the Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Audit Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

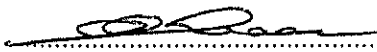
Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In my opinion, the financial report of Epping RSL (Sub-Branch) & Community Club Limited is in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Regulations 2001.


.....
John C. Cheadle-Chartered Accountant
Suite 8, 924 Pacific Highway, Gordon, 2072
10th August 2016



Liability limited by a scheme approved
Under Professional Standards Legislation

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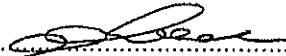
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

To the Directors of Epping RSL (Sub-Branch) & Community Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, there have been:

- (a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.


.....
John C. Cheadle-Chartered Accountant
Suite 8, 924 Pacific Highway, Gordon, 2072
10th August 2016



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EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2016

	Notes	2016 \$	2015 \$
Revenue	2	27,216,484	25,473,114
Other Income	3	<u>9,363,395</u>	<u>-</u>
		<u>36,579,879</u>	<u>25,473,114</u>
Cost of sales		(1,926,333)	(1,879,819)
Donations and community support		(176,671)	(163,043)
Employee benefits expense		(7,604,541)	(7,353,621)
Entertainment, marketing and promotional expenses		(2,852,441)	(2,692,024)
Poker machine duty and taxes		(6,168,602)	(5,736,342)
Property utilities expenses		(566,381)	(624,587)
Other expenses		(2,578,906)	(2,444,632)
Repairs and maintenance		(655,666)	(671,442)
Rental of gaming and other equipment		<u>(1,489,714)</u>	<u>(1,476,241)</u>
Total expenses		<u>(24,019,255)</u>	<u>(23,041,751)</u>
Earnings before financing costs, depreciation and income tax		12,560,624	2,431,363
Financing costs		(40,662)	(82,539)
Depreciation		<u>(1,445,396)</u>	<u>(1,445,001)</u>
Net trading operating profit before income tax		11,074,566	903,823
Less income tax expense		<u>(3,064,300)</u>	<u>(200,523)</u>
Net profit for the year after income tax		8,010,266	703,300
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year	22	<u><u>8,010,266</u></u>	<u><u>703,300</u></u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash	6	5,009,564	3,059,121
Receivables	7	14,459,303	(110,307)
Inventories	8	208,316	174,400
Other	9	550,120	848,515
TOTAL CURRENT ASSETS		<u>20,227,303</u>	<u>3,971,729</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	10	16,300,350	15,792,854
Investment Properties	11	650,501	7,425,361
Intangible Assets	12	476,381	476,381
TOTAL NON-CURRENT ASSETS		<u>17,427,232</u>	<u>23,694,596</u>
TOTAL ASSETS		<u>37,654,535</u>	<u>27,666,325</u>
CURRENT LIABILITIES			
Payables	13	1,030,459	1,217,950
Interest Bearing Liabilities	14	-	600,000
Current Tax Liabilities	15	3,064,300	200,523
Provisions	16	656,748	643,639
Other	17	35,067	31,355
TOTAL CURRENT LIABILITIES		<u>4,786,574</u>	<u>2,693,467</u>
NON-CURRENT LIABILITIES			
Provisions	18	537,778	517,757
Interest Bearing Liabilities	19	-	160,000
Other	20	142,727	117,911
TOTAL NON-CURRENT LIABILITIES		<u>680,505</u>	<u>795,668</u>
TOTAL LIABILITIES		<u>5,467,079</u>	<u>3,489,135</u>
NET ASSETS		<u>32,187,456</u>	<u>24,177,190</u>
MEMBERS' FUNDS			
Retained Profits	22	32,187,456	24,177,190
TOTAL MEMBERS' FUNDS		<u>32,187,456</u>	<u>24,177,190</u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE, 2016

	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2014	23,473,890	23,473,890
Net profit for the year attributable to members of the company	<u>703,300</u>	<u>703,300</u>
Balance at 30 June 2015	24,177,190	24,177,190
Net profit for the year attributable to members of the company	<u>8,010,266</u>	<u>8,010,266</u>
Balance at 30 June 2016	<u><u>32,187,456</u></u>	<u><u>32,187,456</u></u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers		27,063,385	25,332,402
Payments to Suppliers		(23,730,896)	(23,188,793)
Interest Received		9,003	12,350
Interest Paid		<u>(40,662)</u>	<u>(82,539)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	28 (B)	<u>3,300,830</u>	<u>2,073,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposit from Sale of Property		1,641,750	-
Payment Sale Expenses		(82,054)	
Payment for Plant & Equipment		(622,805)	(681,163)
Payment for Property Improvements		<u>(1,527,277)</u>	<u>(514,251)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(590,386)</u>	<u>(1,195,414)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES:			
Repayments of NAB borrowings		<u>(760,000)</u>	<u>(480,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(760,000)</u>	<u>(480,000)</u>
NET INCREASE IN CASH HELD		1,950,444	398,006
Cash at beginning of financial year		3,059,121	2,661,115
CASH AT END OF FINANCIAL YEAR	28 (A)	<u><u>5,009,565</u></u>	<u><u>3,059,121</u></u>

The accompanying notes form part of these accounts

EPPING R.S.L. (SUB-BRANCH) & COMMUNITY CLUB LIMITED
ABN 96 000 964 938

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2016

1. SUMMARY OF ACCOUNTING POLICIES

The following summary explains the significant accounting policies that have been adopted in the preparation of the accounts. Unless otherwise stated, such accounting policies are consistent with those used in previous years.

(a) BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected on-current assets, financial assets and financial liabilities.

(b) INVENTORIES

Stock on hand is valued at the lower of cost and net realisable value. Costs are assigned to quantities on hand at balance date on the basis of first in-first out value.

(c) PROPERTY, PLANT & EQUIPMENT

Except for land, tableware items and uniforms, all fixed assets are stated at original cost less the relevant provisions for depreciation.

(d) LAND & BUILDINGS

The company's properties are now classified as either "Core" or Non-Core" property. Core property is property occupied by the club as licensed premises. The club can only dispose of its core property if the disposal has been approved by a resolution passed by the majority of members. The property must be sold at public auction after valuation by a registered valuer. These requirements do not apply to non-core property, ie, investment properties.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changed in the fair values of investment properties are included in the income statement in the year in which they arise.

(e) DEPRECIATION

Depreciation is calculated on the straight line basis so as to write off the net cost of each fixed asset during its expected useful life. Profit and losses on disposal of depreciable assets are taken into account when determining profit and loss. Expenditure on tableware items and uniforms is accounted for by showing the initial investment at cost and charging replacements against revenue in relevant subsequent periods.

Major depreciation periods are

Freehold Buildings	40 years
Plant and Equipment	10 years

(f) INCOME TAX

Under present legislation, income derived by the company from members is not assessable to income tax. Income tax liabilities arise in respect of income derived from non-members and investments less certain allowable deductions. Commission income is now assessable in full and not subject to the member/non-member principle. The club does not adopt Tax-effect accounting principles.

(g) RENTAL PAYMENTS

Electronic assets are subject to a rental agreement and the rental payments are charged as expenses in the periods in which they are incurred.

(h) PROVISION FOR EMPLOYEE'S BENEFITS

Charges are made against profits to provide accrued annual leave and long service leave at wage and salary rates in accordance with employees' entitlements under the relevant Statutes and Awards. Amounts accrued for long service leave which have not vested are shown as non-current liabilities and are calculated on the unvested rights of employees who have passed their fifth year of employment.

(i) DEFERRED SUBSCRIPTION REVENUE

Membership subscriptions paid in advance are deferred to the period in which the income relates. All costs associated with the procurement of membership subscriptions are expensed as incurred. The current membership periods are as follows:-

Twelve (12) months	From 1st January 2015 to 31st December 2015
Three (3) years	From 1st January 2015 to 31st December 2017
Five (5) years	From 1st January 2015 to 31st December 2019

(j) ACCOUNTING CLASSIFICATIONS

Where changes occurred in accounting classifications the comparative figures for 2014 have been restated in accordance with the change.

(k) IMPAIRMENT OF ASSETS

At each reporting date, the management reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is then expensed to the income statement.

(l) INTANGIBLE ASSETS - NOTE 12

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

	2016	2015
	\$	\$
2. REVENUE		
Sale of Goods	6,553,506	6,277,500
Revenue for rendering services	<u>20,138,740</u>	<u>18,675,188</u>
	26,692,246	24,952,688
<u>Other operating revenue</u>		
Sundry Income	2,574	2,052
Member Subscriptions	141,522	155,994
Interest	9,003	12,350
Property Rental (net)	<u>371,139</u>	<u>350,030</u>
	524,238	520,426
TOTAL REVENUE FROM CONTINUING OPERATIONS	<u><u>27,216,484</u></u>	<u><u>25,473,114</u></u>
3. OTHER INCOME		
Net gain on disposal of property - Sale of two non-core investment properties.	<u><u>9,363,395</u></u>	<u><u>-</u></u>
4. EXPENSES		
(a) Profit before income tax includes the following specific expenses:		
Cost of goods sold	1,926,333	1,879,819
Depreciation of non-current assets	1,445,396	1,445,001
Amounts set aside/(decrease) for provisions		
Employee entitlements (net)	33,130	62,871
Defined Contribution superannuation expense	620,003	575,791
Interest paid	40,662	82,539
(b) Key Performance Indicators		
Bar		
Gross profit percentage	63.71%	63.65%
Wages to sales percentage	26.29%	25.34%
Catering		
Gross profit percentage	60.88%	60.17%
Wages to sales percentage	56.68%	53.28%
EBITDA percentage	11.75%	9.55%

5. INCOME TAX

The company is liable for income tax only on income derived from non-members and from investments with outside entities. Additional income tax is payable as a result of the club industry negotiating with the Australian Taxation Office (ATO) in regards to the assessability of commission income.

	2016 \$	2015 \$
INCOME TAX EXPENSE		
The amount set aside for income tax in the profit and loss account has been calculated as follows:-		
Proportion of income attributable to non-members	3,167,270	2,893,126
Less: Proportion of expenses attributable to non-members	<u>1,755,044</u>	<u>1,675,349</u>
	1,412,226	1,217,777
Add: Other taxable income	<u>9,763,646</u>	<u>386,346</u>
	11,175,872	1,604,123
Less: Other deductible expenses	961,483	935,708
Net taxable income	<u><u>10,214,389</u></u>	<u><u>668,415</u></u>
Income tax applicable to above	3,064,317	200,524
Plus/(Less): Income tax (over)/under provided in prior years	-	-
Total income tax expense	<u><u>3,064,317</u></u>	<u><u>200,524</u></u>
Current Company tax payable	<u>3,064,317</u>	<u>200,524</u>
6. CASH (CURRENT)		
Cash on hand	294,500	244,500
Cash at bank	<u>4,715,064</u>	<u>2,814,621</u>
	<u>5,009,564</u>	<u>3,059,121</u>
7. RECEIVABLES (CURRENT)		
Trade debtors	(316,447)	(110,307)
Other debtors - Property sale (See Note 11)	<u>14,775,750</u>	<u>-</u>
	<u>14,459,303</u>	<u>(110,307)</u>
8. INVENTORIES (CURRENT)		
Raw materials and stores	<u>208,316</u>	<u>174,400</u>
9. OTHER (CURRENT)		
Prepayments	<u>550,120</u>	<u>848,515</u>

	2016 \$	2015 \$
10. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)		
Freehold Land (45-47 Rawson Street) at cost	<u>1,754,976</u>	<u>1,754,976</u>
Club Building & Improvements at cost	24,758,980	23,428,894
<u>Less</u> accumulated depreciation	<u>11,393,259</u>	<u>10,351,642</u>
	<u>13,365,721</u>	<u>13,077,252</u>
Total Land & Buildings (Core Property)	<u>15,120,697</u>	<u>14,832,228</u>
Club Vehicles at cost	286,964	286,964
<u>Less</u> accumulated depreciation	<u>76,724</u>	<u>58,724</u>
	<u>210,240</u>	<u>228,240</u>
Gaming Furniture at cost	1,031,113	972,502
<u>Less</u> accumulated depreciation	<u>622,760</u>	<u>604,760</u>
	<u>408,353</u>	<u>367,742</u>
Plant and Equipment, Furniture and Fittings at cost	7,336,583	6,772,388
<u>Less</u> accumulated depreciation	<u>6,949,113</u>	<u>6,581,334</u>
	<u>387,470</u>	<u>191,054</u>
Total Plant & Equipment	<u>1,006,063</u>	<u>787,036</u>
Tableware Items at cost	(Note 1 (e)) 132,072	132,072
Uniforms at cost	(Note 1 (e)) <u>41,518</u>	<u>41,518</u>
	<u>173,590</u>	<u>173,590</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>16,300,350</u>	<u>15,792,854</u>

Valuations

These valuations have not been taken up in the financial statements:
Valuations 18th June 2006

Freehold Land (45-47 Rawson Street)	3,000,000
Club Building & Improvements	<u>15,300,000</u>
	<u>18,300,000</u>

Valuation by registered valuers Global Valuation Services Pty Ltd - Alan Colman, Registered Valuer No 27.
The above freehold property is classified as "Core Property" in accordance with the requirements of the Registered Clubs Act (2006).

Movement in Carrying Amounts

	Freehold Land	Club Building	Club Vehicles	Gaming	Plant & Equipment	Total
Balance at beginning of year	1,754,976	13,077,252	228,240	367,742	191,054	15,619,264
Additions	-	1,527,277	-	58,611	564,195	2,150,083
Depreciation	-	(1,041,617)	(18,000)	(18,000)	(367,779)	(1,445,396)
Disposals	-	(197,191)	-	-	-	(197,191)
Carrying amount at end of year	<u>1,754,976</u>	<u>13,365,721</u>	<u>210,240</u>	<u>408,353</u>	<u>387,470</u>	<u>16,126,760</u>

	2016 \$	2015 \$
11. INVESTMENT PROPERTIES (Non-core Property)		
Opening balance as at 1 July	7,425,361	7,425,361
Additions	-	-
Disposals	(6,774,860)	-
Closing balance as at 30 June	<u>650,501</u>	<u>7,425,361</u>

Two non-core properties were sold on the 30th May 2016. Settlement is due on the 31st October 2016 (Note 10). The properties sold were 52 Rawson Street and 49-51 Beecroft Road, Epping. See Note 3 and Note 7 in the accounts.

It is a requirement of the Corporations Act 2001 for the directors to form a view as to the valuation of land and buildings as at 30 June 2016. The directors therefore believe that a reasonable value for the purpose of the Corporations Act 2001 is the current book value shown in the financial statements. Therefore both core and non-core properties were not revalued this year.

The land holdings of Epping RSL (Sub-Branch) & Community Club Limited are classified as either core or non-core properties, as listed below

Core Properties

- The Epping Club premises at 45-47 Rawson Street, Epping

Non-Core Properties

- 52 Rawson Street, Epping - sold 31 May 2016/settled 31 October 2016
- 50E Rawson Street, Epping
- 49-51 Beecroft Road, Epping - sold 31 May 2016/settled 31 October 2016

12. INTANGIBLE ASSETS (NON-CURRENT)

Poker Machine Entitlements - at cost	<u>476,381</u>	<u>476,381</u>
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At the end of the reporting period the company assessed the recoverable amount of poker machine entitlements based on an active market at year end and conclude the values are not impaired. The entitlements have an indefinite life and amortisation need not be considered. Each poker machine licence is an effective cash generating unit.

13. CREDITORS AND BORROWINGS (CURRENT)

Trade Creditors	836,510	1,034,828
Goods and Services Tax	193,949	183,122
	<u>1,030,459</u>	<u>1,217,950</u>

14. INTEREST BEARING LIABILITIES (CURRENT)

NAB Bank Loan	(Note 28C(iii)) <u>-</u>	<u>600,000</u>
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		2016 \$	2015 \$
15.	CURRENT TAX LIABILITIES		
	Income Tax Payable	(Note 5) <u>3,064,300</u>	<u>200,523</u>
16.	PROVISIONS (CURRENT)		
	Employee Entitlements	(Note 21) <u>656,748</u>	<u>643,639</u>
17.	OTHER LIABILITIES (CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>35,067</u>	<u>31,355</u>
18.	PROVISIONS (NON-CURRENT)		
	Employee Entitlements	(Note 22) <u>537,778</u>	<u>517,757</u>
19.	INTEREST BEARING LIABILITIES (NON-CURRENT)		
	Bills Payable (secured)	(Note 29C(iii)) <u>-</u>	<u>160,000</u>
20.	OTHER LIABILITIES (NON-CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>142,727</u>	<u>117,911</u>
21.	EMPLOYEE ENTITLEMENTS		
	The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
	Provision for employee entitlements		
	Current (Note 16)	656,748	643,639
	Non-Current (Note 18)	<u>537,778</u>	<u>517,757</u>
		<u>1,194,526</u>	<u>1,161,396</u>
	Number of employees at end of financial year	<u>156</u>	<u>155</u>
22.	RETAINED EARNINGS		
	Operating Profit(Loss) before income tax	11,074,566	903,823
	Income tax attributable to operating profit	(Note 5) <u>(3,064,300)</u>	<u>(200,523)</u>
	Operating Profit(Loss) after income tax	8,010,266	703,300
	Retained profits at the beginning of the financial year	<u>24,177,190</u>	<u>23,473,890</u>
	Retained profits at the end of the financial year	<u>32,187,456</u>	<u>24,177,190</u>

	2016 \$	2015 \$
23. EXPENDITURE COMMITMENTS		
(a) <u>Capital Expenditure</u>		
Estimated capital expenditure contracted for at balance date but not provided for:		
payable within one year	-	-
payable later than one year	-	-
	<u>-</u>	<u>-</u>
(b) Rental agreement commitments for use of technology equipment:		
payable within one year	1,415,776	1,599,748
payable later than one year but not later than two years	1,415,776	1,599,748
payable later than two years but not later than five years	1,415,778	500,000
	<u>4,247,330</u>	<u>3,699,496</u>

24. SUPERANNUATION COMMITMENTS

Contributions are made by the Company to an award-based superannuation fund for all employees and a Company retirement fund for employees who qualify for acceptance. All contributions are charged as expenses as they occur. The Company has no legal obligation to cover any shortfall in the funds' obligations to provide benefits to employees on retirement.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

- (a) The Directors of the Epping R.S.L. (Sub-Branch) & Community Club Limited during the year were:
D. Taylor, K. Wighton, J. Curdie, J. Prestidge, K Baker, J. Donohoe, B. Hoschke, M. Falconer.

Aggregate income received or due and receivable by the
Directors of the Company from the Company:

<u>Nil</u>	<u>Nil</u>
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- (b) Other Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling
the activities of the club, directly or indirectly, is considered key management personnel.

The total of remuneration paid to key management personnel of the company during
the financial year was

<u>455,000</u>	<u>450,000</u>
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26. CONTINGENT LIABILITIES

A contingent liability exists with regard to bonus points
earned prior to 30th June 2016 but not redeemed by that
date. The amount outstanding is:

<u>12,071</u>	<u>76,200</u>
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27. LIMITATION OF MEMBERS' LIABILITY

In accordance with the Memorandum of Association the liability of members, in the event of the Company
being wound up, would not exceed \$2 per member.

	2016	2015
	\$	\$
28. NOTES TO THE STATEMENT OF CASH FLOWS		
(A) Reconciliation of Cash:		
For the purposes of the Statement of Cash Flows cash includes cash on hand and in banks and investments in money market instruments net of outstanding bank overdraft.		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash	<u>5,009,564</u>	<u>3,059,121</u>
	5,009,564	3,059,121

(B) Reconciliation of net cash provided by operating activities to operating profit after Income Tax:

Operating Profit after extraordinary items and income tax	8,010,266	703,300
<u>Add Back Non Cash Outlays</u>		
Depreciation & Amortisation of Non-current Assets	1,445,396	1,445,001
Net gain on disposal of properties	(9,363,395)	-
(Decrease)/Increase in income tax payable	2,863,777	(29,474)
Changes in net Assets & Liabilities:		
(Increase)/Decrease in current receivables	206,140	(18,620)
(Increase)/Decrease in current inventories	(33,916)	(16,625)
(Increase)/Decrease in current other assets	298,395	(96,525)
Increase/(Decrease) in trade creditors	(187,491)	51,125
Increase/(Decrease) in current provisions	13,109	31,511
Increase/(Decrease) in non-current provisions	20,021	31,359
Increase/(Decrease) in subscriptions in advance	28,528	(27,632)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,300,830</u>	<u>2,073,420</u>

(C) Financing Facilities

The Company has a secured arrangement with the National Australia Bank to provide the following credit standby and loan facilities:-

(i) Bank Overdraft (expires 28 February 2017)

- amount used	-	-
- amount unused	<u>50,000</u>	<u>50,000</u>
	50,000	50,000

The Bank Overdraft facility is secured by a registered first mortgage over the Club's freehold land and buildings at 45-47 Rawson Street Epping.

(ii) Bank Guarantee Facility of \$15,000 in favour of Joint Coal Board for rental bond.

(iii) Business card facility - \$20,000