

**REPORTS & FINANCIAL ACCOUNTS**

**OF**

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

**FOR THE YEAR ENDED 30 JUNE 2017**

**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 2017. 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 23 years, Club President 13 years and Director 20 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 12 years & Life Member. Club Member 49 years. Member House & Finance Committee. Member and Life Member Epping RSL Sub Branch 25 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 30 years, Director 13 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 37 years, Director 13 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 14 years and member CMF/Army Reserve 30 years. Formal Qualifications Dip Teach. (Tech).
Kirsten BAKER	Director	Operating own business following 8 years in financial services, Club Member 16 years, Director 12 years. Life Member of The Epping Club. Fellow of the Australian Marketing Institute (FAMI), Member of the Australian Institute of Management (AIMM). Formal Qualifications BEc, Mcom, Dip FS (FP).
John DONOHOE	Director	Bushranger Historian and Author, Club Member 28 years, Director 11 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 23 years, Director 5 years. Member of Membership Committee. Life Member of the RSL of Australia and the Epping RSL Sub Branch, Pensions Officer and 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 46 years, Director 16 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: 14	Number of Meetings attended
D. Taylor	12
K. Wighton	14
J. Curdie	13
J. Prestidge	14
K. Baker	14
J. Donohoe	12
B. Hoschke	14
M. Falconer	13

## 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 \$35,208.

## REVIEW OF OPERATIONS

The profit of the Company for the financial year before income tax amounted to \$1,870,809 (2016: \$11,074,566 - included in this profit is the sale of non-core properties of \$9,363,395). Income tax of \$195,000 was provided (2016: \$3,064,300).

Club membership was 17,604 as at 30th June 2017 (16,965 as at 30th June 2016) and was made up as follows:

Life Members	14
RSL Members	262
Ordinary Members	17,328
	<u>17,604</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 2017.

Dated at Epping this <sup>9<sup>th</sup></sup> day of August 2017  
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 *9<sup>th</sup>* day of August 2017  
Signed in accordance with a resolution of the Directors.

D Taylor  
Director



K Wighten  
Director

# W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

JOHN CHEADLE F.C.A.  
BRADLEY TURNER 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 2017, 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.

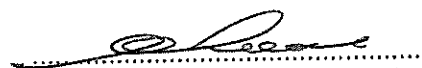
### Independence

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 2017 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  
2nd August 2017



Chartered  
Accountants

NUMBER ONE IN NUMBERS

Liability limited by a scheme approved  
Under Professional Standards Legislation

# W. L. BROWNE & ASSOCIATES PTY LTD

ABN 13 151 379 109

JOHN CHEADLE F.C.A.  
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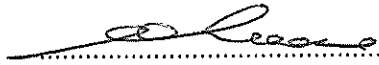
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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT

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 2017, 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  
2nd August 2017



Liability limited by a scheme approved  
Under Professional Standards Legislation

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30TH JUNE, 2017**

	Notes	2017 \$	2016 \$
Revenue	2	27,153,399	27,216,484
Cost of sales		(1,818,868)	(1,926,333)
Donations and community support		(186,017)	(176,671)
Employee benefits expense		(7,485,246)	(7,604,541)
Entertainment, marketing and promotional expenses		(3,130,259)	(2,852,441)
Poker machine duty and taxes		(6,025,611)	(6,168,602)
Property utilities expenses		(547,191)	(566,381)
Other expenses		(2,644,028)	(2,578,906)
Repairs and maintenance		(602,480)	(655,666)
Rental of gaming and other equipment		<u>(1,144,473)</u>	<u>(1,489,714)</u>
Total expenses		<u>(23,584,173)</u>	<u>(24,019,255)</u>
Earnings before financing costs, depreciation and income tax		3,569,226	3,197,229
Add: Other Income	3	-	9,363,395
Less: Financing costs		-	(40,662)
Depreciation		<u>(1,698,417)</u>	<u>(1,445,396)</u>
Net trading operating profit before income tax		1,870,809	11,074,566
Less income tax expense		<u>(195,000)</u>	<u>(3,064,300)</u>
Net profit for the year after income tax		1,675,809	8,010,266
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year	22	<u><u>1,675,809</u></u>	<u><u>8,010,266</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, 2017**

	Notes	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash	6	14,578,879	5,009,564
Receivables	7	(320,383)	14,459,303
Inventories	8	201,228	208,316
Other	9	592,468	550,120
<b>TOTAL CURRENT ASSETS</b>		<u>15,052,192</u>	<u>20,227,303</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	10	19,855,241	16,300,350
Investment Properties	11	650,501	650,501
Intangible Assets	12	920,344	476,381
<b>TOTAL NON-CURRENT ASSETS</b>		<u>21,426,086</u>	<u>17,427,232</u>
<b>TOTAL ASSETS</b>		<u>36,478,278</u>	<u>37,654,535</u>
<b>CURRENT LIABILITIES</b>			
Payables	13	1,021,973	1,030,459
Interest Bearing Liabilities	14	-	-
Current Tax Liabilities	15	194,983	3,064,300
Provisions	16	657,409	656,748
Other	17	33,754	35,067
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,908,119</u>	<u>4,786,574</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18	563,491	537,778
Interest Bearing Liabilities	19	-	-
Other	20	143,403	142,727
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>706,894</u>	<u>680,505</u>
<b>TOTAL LIABILITIES</b>		<u>2,615,013</u>	<u>5,467,079</u>
<b>NET ASSETS</b>		<u>33,863,265</u>	<u>32,187,456</u>
<b>MEMBERS' FUNDS</b>			
Retained Profits	22	33,863,265	32,187,456
<b>TOTAL MEMBERS' FUNDS</b>		<u>33,863,265</u>	<u>32,187,456</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, 2017

	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 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	32,187,456	32,187,456
Net profit for the year attributable to members of the company	<u>1,675,809</u>	<u>1,675,809</u>
Balance at 30 June 2017	<u><u>33,863,265</u></u>	<u><u>33,863,265</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, 2017**

	Notes	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers		26,743,995	27,063,385
Payments to Suppliers		(23,679,990)	(23,730,896)
Income Tax payable		(3,064,300)	-
Interest Received		490,536	9,003
Interest Paid		<u>-</u>	<u>(40,662)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	28 (B)	<u>490,241</u>	<u>3,300,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from Sale of Property		14,775,750	1,641,750
Payment Poker Machine Entitlements		(189,970)	-
Payment Sale Expenses		-	(82,054)
Payment for Plant & Equipment		(4,664,906)	(622,805)
Payment for Property Improvements		<u>(841,801)</u>	<u>(1,527,277)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>9,079,073</u>	<u>(590,386)</u>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES:</b>			
Repayments of NAB borrowings		<u>-</u>	<u>(760,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>-</u>	<u>(760,000)</u>
NET INCREASE IN CASH HELD		9,569,314	1,950,444
Cash at beginning of financial year		<u>5,009,565</u>	<u>3,059,121</u>
CASH AT END OF FINANCIAL YEAR	28 (A)	<u><u>14,578,879</u></u>	<u><u>5,009,565</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, 2017**

**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 changes 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 2017 to 31st December 2017
Three (3) years	From 1st January 2017 to 31st December 2019
Five (5) years	From 1st January 2017 to 31st December 2021

(j) ACCOUNTING CLASSIFICATIONS

Where changes occurred in accounting classifications the comparative figures for 2016 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.

	2017	2016
	\$	\$
2. REVENUE		
Sale of Goods	6,625,570	6,553,506
Revenue for rendering services	<u>19,746,474</u>	<u>20,138,740</u>
	<u>26,372,044</u>	<u>26,692,246</u>
<u>Other operating revenue</u>		
Sundry Income	1,456	2,574
Member Subscriptions	136,486	141,522
Interest	490,535	9,003
Property Rental (net)	<u>152,878</u>	<u>371,139</u>
	<u>781,355</u>	<u>524,238</u>
TOTAL REVENUE FROM CONTINUING OPERATIONS	<u><u>27,153,399</u></u>	<u><u>27,216,484</u></u>
3. OTHER INCOME		
Net gain on disposal of property - Sale of two non-core investment properties.	<u>-</u>	<u>9,363,395</u>
4. EXPENSES		
(a) Profit before income tax includes the following specific expenses:		
Cost of goods sold	1,818,868	1,926,333
Depreciation of non-current assets	1,702,883	1,445,396
Amounts set aside/(decrease) for provisions		
Employee entitlements (net)	26,374	33,130
Defined Contribution superannuation expense	604,737	620,003
Interest paid	-	40,662
(b) Key Performance Indicators		
Bar		
Gross profit percentage	65.60%	63.71%
Wages to sales percentage	26.90%	26.29%
Catering		
Gross profit percentage	73.84%	60.88%
Wages to sales percentage	46.97%	56.68%
EBITDA percentage	13.01%	11.75%

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.

	2017	2016
	\$	\$
<b>INCOME TAX EXPENSE</b>		
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	2,939,090	3,167,270
Less: Proportion of expenses attributable to non-members	<u>2,090,635</u>	<u>1,755,044</u>
	848,455	1,412,226
Add: Other taxable income	<u>-</u>	<u>9,763,646</u>
	848,455	11,175,872
Less: Other deductible expenses	<u>239,397</u>	<u>961,483</u>
Net taxable income	<u><u>609,058</u></u>	<u><u>10,214,389</u></u>
Income tax applicable to above	195,000	3,064,317
Plus/(Less): Income tax (over)/under provided in prior years	<u>-</u>	<u>-</u>
Total income tax expense	<u><u>195,000</u></u>	<u><u>3,064,317</u></u>
Current Company tax payable	<u>195,000</u>	<u>3,064,317</u>
6. CASH (CURRENT)		
Cash on hand	334,000	294,500
Cash at bank	4,069,988	4,715,064
Term Deposits	<u>10,174,891</u>	<u>-</u>
	<u><u>14,578,879</u></u>	<u><u>5,009,564</u></u>
7. RECEIVABLES (CURRENT)		
Trade debtors	(320,383)	(316,447)
Other debtors - Property sale (See Note 11)	<u>-</u>	<u>14,775,750</u>
	<u><u>(320,383)</u></u>	<u><u>14,459,303</u></u>
8. INVENTORIES (CURRENT)		
Raw materials and stores	<u>201,228</u>	<u>208,316</u>
9. OTHER (CURRENT)		
Prepayments	<u>592,468</u>	<u>550,120</u>



	2017 \$	2016 \$
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	25,600,782	24,758,980
<u>Less</u> accumulated depreciation	<u>11,903,259</u>	<u>11,393,259</u>
	<u>13,697,523</u>	<u>13,365,721</u>
Total Land & Buildings (Core Property)	<u>15,452,499</u>	<u>15,120,697</u>
Club Vehicles at cost	236,547	286,964
<u>Less</u> accumulated depreciation	<u>109,835</u>	<u>76,724</u>
	<u>126,712</u>	<u>210,240</u>
Gaming Furniture at cost	4,950,155	1,031,113
<u>Less</u> accumulated depreciation	<u>1,217,649</u>	<u>622,760</u>
	<u>3,732,506</u>	<u>408,353</u>
Plant and Equipment, Furniture and Fittings at cost	7,829,047	7,336,583
<u>Less</u> accumulated depreciation	<u>7,459,113</u>	<u>6,949,113</u>
	<u>369,934</u>	<u>387,470</u>
Total Plant & Equipment	<u>4,229,152</u>	<u>1,006,063</u>
Tableware Items at cost	(Note 1 (e)) 132,072	132,072
Uniforms at cost	(Note 1 (e)) 41,518	41,518
	<u>173,590</u>	<u>173,590</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>19,855,241</u>	<u>16,300,350</u>

#### Valuations

These valuations have not been taken up in the financial statements:  
Valuations 1 July 2016

Freehold Land (45-47 Rawson Street) 24,800,000

Valuation by registered valuers Hymans Valuers - Nicholas Brady, Registered Valuer No 68548.  
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	13,365,721	210,240	408,353	387,470	16,126,760
Additions	-	841,801	-	4,172,442	492,464	5,506,707
Depreciation	-	(510,000)	(83,528)	(594,889)	(510,000)	(1,698,417)
Disposals	-	-	-	(253,400)	-	(253,400)
Carrying amount at end of year	<u>1,754,976</u>	<u>13,697,522</u>	<u>126,712</u>	<u>3,732,506</u>	<u>369,934</u>	<u>19,681,650</u>

	2017 \$	2016 \$
11. INVESTMENT PROPERTIES (Non-core Property)		
Opening balance as at 1 July	650,501	7,425,361
Additions	-	-
Disposals	-	(6,774,860)
Closing balance as at 30 June	<u>650,501</u>	<u>650,501</u>

Two non-core properties were sold on the 30th May 2016. Settlement was 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

- 50E Rawson Street, Epping

12. INTANGIBLE ASSETS (NON-CURRENT)		
Poker Machine Entitlements - at cost	<u>920,344</u>	<u>476,381</u>

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	838,788	836,510
Goods and Services Tax	183,185	193,949
	<u>1,021,973</u>	<u>1,030,459</u>

14. INTEREST BEARING LIABILITIES (CURRENT)		
NAB Bank Loan	(Note 28C(iii)) <u>-</u>	<u>-</u>

		2017 \$	2016 \$
15.	CURRENT TAX LIABILITIES		
	Income Tax Payable	(Note 5) <u>194,983</u>	<u>3,064,300</u>
16.	PROVISIONS (CURRENT)		
	Employee Entitlements	(Note 21) <u>657,409</u>	<u>656,748</u>
17.	OTHER LIABILITIES (CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>33,754</u>	<u>35,067</u>
18.	PROVISIONS (NON-CURRENT)		
	Employee Entitlements	(Note 22) <u>563,491</u>	<u>537,778</u>
19.	INTEREST BEARING LIABILITIES (NON-CURRENT)		
	Bills Payable (secured)	(Note 29C(iii)) <u>-</u>	<u>-</u>
20.	OTHER LIABILITIES (NON-CURRENT)		
	Deferred Subscription Income	(Note 1(i)) <u>143,403</u>	<u>142,727</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)	657,409	656,748
	Non-Current (Note 18)	<u>563,491</u>	<u>537,778</u>
		<u>1,220,900</u>	<u>1,194,526</u>
	Number of employees at end of financial year	<u>155</u>	<u>156</u>
22.	RETAINED EARNINGS		
	Operating Profit/(Loss) before income tax	1,870,809	11,074,566
	Income tax attributable to operating profit	(Note 5) <u>(195,000)</u>	<u>(3,064,300)</u>
	Operating Profit/(Loss) after income tax	<u>1,675,809</u>	<u>8,010,266</u>
	Retained profits at the beginning of the financial year	<u>32,187,456</u>	<u>24,177,190</u>
	Retained profits at the end of the financial year	<u>33,863,265</u>	<u>32,187,456</u>

	2017 \$	2016 \$
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	239,796	1,415,776
payable later than one year but not later than two years	213,732	1,415,776
payable later than two years but not later than five years	-	1,415,778
	<u>453,528</u>	<u>4,247,330</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:

Nil	Nil
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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>458,150</u>	<u>455,000</u>
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26. CONTINGENT LIABILITIES

A contingent liability exists with regard to bonus points earned prior to 30th June 2017 but not redeemed by that date. The amount outstanding is:

<u>9,826</u>	<u>12,071</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.

	2017	2016
	\$	\$
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>14,578,879</u>	<u>5,009,564</u>
	14,578,879	5,009,564
(B) Reconciliation of net cash provided by operating activities to operating profit after Income Tax:		
Operating Profit after extraordinary items and income tax	1,675,809	8,010,266
<u>Add Back Non Cash Outlays</u>		
Depreciation & Amortisation of Non-current Assets	1,698,417	1,445,396
Net gain on disposal of properties	-	(9,363,395)
(Decrease)/Increase in income tax payable	(2,869,317)	2,863,777
Changes in net Assets & Liabilities:		
(Increase)/Decrease in current receivables	3,936	206,140
(Increase)/Decrease in current inventories	7,088	(33,916)
(Increase)/Decrease in current other assets	(42,348)	298,395
Increase/(Decrease) in trade creditors	(8,486)	(187,491)
Increase/(Decrease) in current provisions	66	13,109
Increase/(Decrease) in non-current provisions	25,713	20,021
Increase/(Decrease) in subscriptions in advance	(637)	28,528
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>490,241</u>	<u>3,300,830</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		