



**MORTDALE RSL COMMUNITY CLUB LIMITED**  
**ACN 135 892 054**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

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## Directors Report

The directors present their report together with the financial statements of the company for the year ended 31 December 2017.

- (a) The names and occupations of the directors in office as at the date of the financial report are:

G Denyer - President	Deputy Principal
P Curlisa - Treasurer	Financial Controller
J Wiltshire - Vice President	Operations Manager
S McMahon	Chief Executive Officer
P McIntyre	Building Contractor
I Dupen	Station Officer Fire Rescue NSW

Apart from the President and Treasurer, the directors have not been allocated special responsibilities during their period in office.

- (b) The number of directors' meetings convened and the number of meetings attended by each of the directors of the company during the financial year are detailed below:-

G Denyer	Attended	13 of 13
J Wiltshire	Attended	12 of 12
P Curlisa * (position vacated 20/6/2017)	Attended	7 of 7
S McMahon	Attended	10 of 12
P McIntyre	Attended	7 of 13
I Dupen	Attended	11 of 13

\*- Resigned at Board Meeting held on 20 June 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

- (c) The short term objectives of the company are to continue to provide modern facilities as a registered club; make available social and sporting activities for the benefit of members and their guests, and to attract a greater number of members and visitors to the club.

The medium and long term objectives of the company are to return to profitability, increase the membership base, maintain and improve services to members and their guests and promote the club's activities.

No significant change in the nature of these activities occurred during the year.

## Directors Report (cont)

- (d) The company measures its performance in key operating areas by the following means:
- (i) Net poker machine income is measured by comparing actual profit with manufacturer's expected profit on a monthly and annual basis.
  - (ii) Club KENO commission is calculated to exceed revenue of \$30,000 per annum.
  - (iii) TAB commission is expected to earn the company revenue in excess of \$10,000 per annum.
  - (iv) Bar products are priced to achieve a gross profit margin of 58%.
  - (v) Review the club's operations with a view to increasing revenue and controlling costs so as to improve profitability;
  - (vi) Improve marketing and communications to members and their guests;
  - (vii) Develop a strategic marketing plan to attract new members and guests; and
  - (viii) Enhance the service offered to members and their guests while attending the club.

The Board of Directors welcomed Tony Lycakis to the position of General Manager in January 2017. This followed a lengthy period in which the management of the Club was restructured with a view to addressing the ongoing losses that threatened the Club's viability. Whilst the Club posted a loss "on paper" for 2017, the significant change was that the Club actually made a cash profit (EBITARD) for the first time in a number of years. This is because of the massive amount that appears on the Balance Sheet for non-cash items such as depreciation.

Put simply, due to the hard work of management the Club has been able to make significant trading improvements without sacrificing services to members. Nevertheless, there is some way to go to make the business sustainable for the longer term. The Club buildings and fittings are showing their age, as can be seen from the Repairs and Maintenance costs and the layout of the Club makes it difficult to attract new members and visitors. To this end, the Board is investigating several proposals to rebuild the Club on the current site as part of a redevelopment of the existing land area. Ideally, the new Club premises will be all on one level for ease of access and will offer significant enhancements for members which would not be possible within the confines of the existing structure.

The Board of Directors is mindful of the need to maintain services for members and no decision has yet been made as to what course of action will be proposed to members. Ultimately, it will be the members that make the final decision in this matter and the Board is mindful of the need to keep members informed throughout this process. In the meantime, there is a proposal to relocate the outdoor gaming area and redesign the existing gaming floor to accommodate this. The Club has a sound asset base which allows members to be confident that Mortdale RSL and Community Club Ltd. will continue to exist and trade well into the future.

## Directors Report (cont)

- (e) The loss from trading activities for the year ended 31 December 2017 amounted to \$201,582 (2016 – Loss of \$423,236).
- (f) No dividends were paid during the year and no recommendation is made for the payment of dividends as the company has no provision in its constitution for the payment of dividends.
- (g) No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.
- (h) No director, his firm or a company in which he has a substantial financial interest, received or became entitled to receive a benefit by reason of a contract entered into with the company.
- (i) The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company, indemnified or made any relevant agreement for indemnifying any party against a liability including costs and expenses in successfully defending legal proceedings.
- (j) The company has paid an insurance premium in respect of directors' and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the company.
- (k) The constitution of the club is that of a company limited by guarantee under the Corporations Act 2001. The liability of each member in the event of the company being wound up is limited to an amount not exceeding \$2.
- (l) Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the board of directors:



G DENYER, Director



S McMAHON, Director

Dated at Mortdale this 27th day of February 2018

## Directors Declaration

The directors of the company declare that:

- (a) the financial statements and notes as set out on pages 7 to 22 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position of the company as at 31 December 2017 and of its performance for the year ended on that date;
- (b) 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 on the basis that the company can draw down on its existing lines of credit with the bank, increase its banking accommodation and/or sell one of its non-core properties.

This declaration is made in accordance with a resolution of the board of directors:

  
G DENYER, Director

  
S McMAHON, Director

Dated at Mortdale this 27th day of February 2018

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MORTDALE RSL COMMUNITY CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there have been:

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

ARMSTRONG WILY BUSINESS SERVICES PTY LTD  
Chartered Accountants  
Level 5, 179 Elizabeth Street  
SYDNEY NSW 2000

  
G J BOSTON  
Director

Dated at Sydney this 27th day of February 2018

# **Independent Auditor's Report to the Members**

## **Report on the Financial Report**

We have audited the accompanying financial report of the Mortdale RSL Community Club Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date and notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

## **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements to 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 judgment, 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.

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

## **Independence**

In conducting our audit, we followed applicable independence requirements of Australian Professional Ethic Pronouncements and the Corporations Act 2001.



## Independent Auditor's Report to the Members

### Emphasis of matter

We draw your attention to Note 1(m) which describes the Directors' assessment of the company's ability to continue as a going concern. The company is reliant on the financial support of its bankers & will need to implement new initiatives and/or sell surplus assets to continue operating. The conditions indicate the existence of a material uncertainty, which may cast significant doubt as to the company's ability to continue as a going concern. The financial statements do not include any adjustments that may result if the company was unable to continue as a going concern

### Audit opinion

Our opinion is not qualified in respect to the matter referred to above.

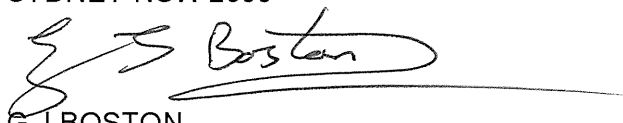
In our opinion,

The financial report of the Mortdale RSL 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 31 December 2017 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Dated at Sydney this 27<sup>th</sup> day of February 2018

ARMSTRONG WILY BUSINESS SERVICES PTY LTD  
Chartered Accountants  
Level 5, 179 Elizabeth Street  
SYDNEY NSW 2000



G J BOSTON  
Director

Liability limited by a Scheme, approved under Professional Standards Legislation



## Statement of Financial Position as at 31 December 2017

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	79,957	100,777
Trade and other receivables	7	17,376	112
Inventories	8	30,372	26,752
Financial assets	9	5,862	6,493
Other assets	10	3,792	3,896
<b>TOTAL CURRENT ASSETS</b>		<u>137,359</u>	<u>138,030</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	11	12,336,751	12,462,216
Deferred tax assets	5(c)	21,280	11,846
<b>TOTAL NON-CURRENT ASSETS</b>		<u>12,358,031</u>	<u>12,474,062</u>
<b>TOTAL ASSETS</b>		<u>12,495,390</u>	<u>12,612,092</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	209,789	231,317
Borrowings	13	292,580	203,167
Short-term provisions	14	66,137	50,984
<b>TOTAL CURRENT LIABILITIES</b>		<u>568,506</u>	<u>485,468</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	853,671	855,232
Long term provisions	14	11,246	7,843
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>864,917</u>	<u>863,075</u>
<b>TOTAL LIABILITIES</b>		<u>1,433,423</u>	<u>1,348,543</u>
<b>NET ASSETS</b>		<u>11,061,967</u>	<u>11,263,549</u>
<b>EQUITY</b>			
Retained earnings		<u>11,061,967</u>	<u>11,263,549</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

## Statement of Profit or Loss and other Comprehensive Income for the Year ended 31 December 2017

	NOTE	2017 \$	2016 \$
Revenue from sales of goods		864,077	837,273
Revenue from rendering of services		1,618,097	1,589,035
Other revenues from ordinary activities		85,662	28,626
Revenue from ordinary activities	2	<u>2,567,836</u>	<u>2,454,934</u>
Less:			
Bar expenses		698,330	631,940
Gaming expenses		451,041	751,137
Property costs		30,913	22,411
Administration expenses		<u>1,598,568</u>	<u>1,472,682</u>
		<u>2,778,852</u>	<u>2,878,170</u>
Profit / (loss) from ordinary activities before income tax	3	(211,016)	(423,236)
Income tax expense / (recovery)	5(a)	(9,434)	-
Profit /(loss) from ordinary activities after income tax		<u>(201,582)</u>	<u>(423,236)</u>
Gain on revaluation of investment properties		-	-
Gain on revaluation of club premises		-	-
Profit or (loss) for the year after income tax		<u><u>(201,582)</u></u>	<u><u>(423,236)</u></u>

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Retained Earnings \$	Total \$
<b>Balance at 1 January 2016</b>	11,686,785	11,686,785
Profit / (loss) for the year	(423,236)	(423,236)
Other comprehensive income		
<b>Balance at 31 December 2016</b>	<u>11,263,549</u>	<u>11,263,549</u>
Profit / (loss) for the year	(201,582)	(211,016)
Other comprehensive income		-
<b>Balance at 31 December 2017</b>	<u><u>11,061,967</u></u>	<u><u>11,052,533</u></u>

These statements are to be read in conjunction with the notes to the financial statements.

## Statement of Cash Flows for the Year ended 31 December 2017

	NOTE	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,554,500	2,443,678
Payments to suppliers and employees		<u>(2,512,048)</u>	<u>(2,682,086)</u>
Net cash inflow from operating activities		42,452	(238,408)
Interest received		-	131
Proceeds from member subscriptions		<u>13,336</u>	<u>11,122</u>
Net cash provided by / (used in) operating activities	18(a)	<u>55,788</u>	<u>(227,155)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(190,411)	(95,818)
Proceeds from sale of property, plant and equipment		<u>25,320</u>	<u>42,168</u>
Net cash used in investing activities		<u>(165,091)</u>	<u>(53,650)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from sale / (purchase) financial assets and liabilities		631	(128)
Increase in borrowings / (repayment of borrowings)		<u>87,852</u>	<u>311,722</u>
Net cash provided by / (used in) financing activities		<u>88,483</u>	<u>311,594</u>
Net increase/(decrease) in cash held		(20,820)	30,789
Cash & cash equivalents at the beginning of the financial year		<u>100,777</u>	<u>69,988</u>
Cash and cash equivalents at the end of the financial year	18(b)	<u>79,957</u>	<u>100,777</u>

The cash flow statement should be read in conjunction with the notes to the financial statements.

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations 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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non current assets.

#### (a) Revenue recognition

##### Sales Revenue

Sales revenue is recognised at fair value of the consideration received net of the amount of goods and services tax (GST) when the goods are supplied or when a fee in respect of services is provided.

##### Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

#### (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 (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as a component of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Inventories

Bar stocks are valued at the lower of cost and net realisable value. This basis of valuation is consistent with that of the previous year. Consumable stocks of glassware, crockery and cutlery are valued at cost.

#### (d) Impairment of assets

At each reporting date, the directors review the carrying value of the company's 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 is compared to the asset carrying value and the asset is written down to the recoverable amount.

#### (e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

##### Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on periodic 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 as to the revalued amount of the asset.

Any increase in the carrying amount arising on revaluation of company property is credited to a revaluation reserve in members' equity except where it reverses a decrement that was previously written off in the statement of profit and loss. The revaluation increment, or decrement, on the revaluation of investment properties is credited to the statement of profit and loss after allowing for estimated unrealised capital gains tax net of carry forward revenue income tax losses - refer note 5(b).

##### Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Gaming equipment that has a trade in component associated with the purchase of a new machine is netted off the cost of the new equipment.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of those assets.

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Depreciation

Depreciation is provided on all property, plant and equipment, except for investment properties, so as to write off each asset progressively over its estimated economic life. Assets are depreciated from the date of acquisition.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made adjustments are reflected prospectively in current and future periods only. The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	5% - 25%

#### (g) Income tax

Income tax is provided on the basis formulated by the Australian Taxation Office. The proportion of net income attributable to non-members, together with investment and property income, is assessed at current corporate income tax rates. Non-allowable expenses have been added back at current income tax rates.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the income tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets relating to carry forward income tax losses have only been brought to account to the extent that they may be used to offset deferred tax liabilities that relate to the potential capital gains tax from the revaluation of the company's property.

Deferred tax assets relating to carry forward losses have not been brought to account as there is no convincing evidence at this point in time that there will be sufficient taxable profit available against which the unused tax losses can be utilised by the entity. The estimated value of unused tax losses is disclosed in Note 5.

#### (h) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs when the related contractual rights or obligations exist.

#### (i) Employee entitlements

The amounts expected to be paid to employees for their pro-rata entitlement to long service leave and annual leave are accrued annually at current rates of pay plus related on-costs.



## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts are normally settled within 30 days.

#### (k) Leased Plant and Equipment

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

#### (l) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company together with an assessment of the potential impact of the Standards when adopted in future periods is discussed below:

AASB 9: Financial Instruments and Associated Amending Standards, applicable for annual reporting periods commencing on or after 1 January 2017. These Standards will be applicable retrospectively and include revised requirements for the classification and measurement of financial instruments.

The directors anticipate that the adoption of these Standards will not have a material impact on the disclosures of the company's financial instruments.

#### (m) Going Concern

The company's statement of financial position discloses that at 31 December 2017 current liabilities of \$568,506 exceed current assets of \$137,359 by \$431,147. If the company continues to generate losses in the vicinity of the trading losses incurred during the 2017 financial year, namely \$201,582, the company will have to fund the loss generated.

The company has two non-core investment properties disclosed at independent valuation of \$1,750,000, one of which could be realised to discharge any short term liquidity issues.

If the realisation of one or more of these assets was required, other than in the normal course of business, proceeds may differ from the amount at which they are currently recorded in the statement of financial position. If this were to occur, the company may have to reclassify an investment property as a current asset rather than as a non-current asset.

The directors have instituted measures to mitigate the going concern issue by preparing projected cashflow forecasts.

Considering the uncertainties described above the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial report.



## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES

	2017 \$	2016 \$
<b>Revenue from Sales of Goods</b>		
Bar trading	864,077	837,273
<b>Rendering of services revenue from operating activities</b>		
Gaming revenue	1,436,671	1,465,579
Rent received from properties	70,526	67,959
Rent received from brassiere and Macquarie Room	52,458	30,622
Subscriptions	13,926	10,396
Other income	44,516	14,479
	<u>1,618,097</u>	<u>1,589,035</u>
<b>Other Revenue from Ordinary Activities</b>		
ATM Rebate	17,978	20,841
Bingo Income	42,906	-
Insurance recovery	-	-
Interest receivable	-	131
Raffle Income	67,004	-
Raffles – welfare	1,989	7,654
Sale of Assets Profit/ (Loss)	(44,215)	-
	<u>85,662</u>	<u>28,626</u>
<b>Total Revenue from Ordinary Activities</b>	<u><u>2,567,836</u></u>	<u><u>2,454,934</u></u>

### NOTE 3 – PROFIT / (LOSS) BEFORE INCOME TAX

The profit / (loss) before income tax has been arrived at after charging / (crediting) the following specific items:

Interest receivable from other persons	-	(131)
Profit / (loss) on disposal of plant and equipment	(44,215)	-
Gain on revaluation of investment properties		-
Gain on revaluation of club premises		-
Depreciation:		
- Buildings	125,004	125,004
- Plant and equipment	121,337	135,531

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

	2017 \$	2016 \$
<b>NOTE 4 – AUDITOR’S REMUNERATION</b>		
Auditing and reviewing the financial report	17,500	17,500
Other services comprise:		
Accounting and other services		
- Taxation services	3,598	3,301
- Fringe benefits tax	-	300
- Asset register maintenance	3,000	3,000
- Special	4,137	5,100
<b>NOTE 5 – TAXATION</b>		
(a) Income tax expense / (recovery)	-	-
Income tax recovery due to movement in deferred tax assets	(9,434)	-
(b) Income tax losses		
Estimated income tax losses for which no deferred tax asset has been recognised	<u>2,047,483</u>	<u>1,981,884</u>
Potential tax benefit at current 27.5% corporate tax rate 30% in 2016 year	563,058	594,565
Tax losses not to be brought to account as evidence insufficient to prove a sufficient taxable profit is available in future years	<u>(563,058)</u>	<u>(594,565)</u>
Potential tax benefit carried forward	<u>-</u>	<u>-</u>
(c) Deferred tax assets		
Carrying amount at beginning of year	11,846	11,846
Increase/(decrease) in timing differences recognised via balance sheet	<u>9,434</u>	<u>-</u>
Carrying amount at end of the year	<u>21,280</u>	<u>11,846</u>

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

	2017 \$	2016 \$
<b>NOTE 6 – CASH AND CASH EQUIVALENTS</b>		
Cash on hand -		
Club floats	42,000	61,303
Automatic teller machine	12,000	26,040
CRT float	22,000	-
Welfare float	146	314
Cash at Bank -		
Welfare benefit account	7,095	5,672
TAB account	(1,591)	6,921
Keno account	(1,693)	527
	<u>79,957</u>	<u>100,777</u>
<b>NOTE 7 – TRADE AND OTHER RECEIVABLES</b>		
ATM – Club Funds	15,150	-
Interest receivable	-	112
Other Debtors	1,476	-
Trade Debtors	750	-
	<u>17,376</u>	<u>112</u>
<b>NOTE 8 – INVENTORIES</b>		
Finished goods - bar stocks	22,966	19,346
Glassware, crockery & cutlery	7,406	7,406
	<u>30,372</u>	<u>26,752</u>
<b>NOTE 9 – FINANCIAL ASSETS</b>		
Short term interest bearing deposits		
Maturing within 12 months	-	6,493
CBA Investments	5,000	-
EFTPOS	862	-
	<u>5,862</u>	<u>6,493</u>
<b>NOTE 10 – OTHER ASSETS</b>		
Prepayments	<u>3,792</u>	<u>3,896</u>

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

	2017 \$	2016 \$
<b>NOTE 11 – PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Club Premises</b>		
Freehold Land – At independent valuation – 2015	<u>5,500,000</u>	<u>5,500,000</u>
Buildings – At independent valuation – 2015	5,000,000	5,000,000
Less provision for depreciation of buildings	<u>(273,866)</u>	<u>(148,862)</u>
	<u>4,726,134</u>	<u>4,851,138</u>
	<u>10,226,134</u>	<u>10,351,138</u>
<b>Investment Properties</b>		
At independent valuation – 2015		
46-48 Pitt Street, Mortdale	750,000	750,000
19 Macquarie Place, Mortdale	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,750,000</u>	<u>1,750,000</u>
<b>Sub Total: Land and buildings</b>	<u>11,976,134</u>	<u>12,101,138</u>
<b>Bar equipment</b>		
At cost	33,059	30,184
Less accumulated depreciation	<u>(22,639)</u>	<u>(19,056)</u>
	<u>10,420</u>	<u>11,128</u>
<b>Plant, equipment, furniture &amp; fittings</b>		
At cost	697,585	711,184
Less accumulated depreciation	<u>(548,673)</u>	<u>(530,118)</u>
	<u>148,912</u>	<u>181,066</u>
<b>Outdoor Gaming Terrace</b>		
At cost	8,461	-
Less accumulated depreciation	<u>-</u>	<u>-</u>
	<u>8,461</u>	<u>-</u>
<b>Gaming equipment, plant and furnishings</b>		
At cost	1,358,805	1,379,791
Less accumulated depreciation	<u>(1,204,050)</u>	<u>(1,252,489)</u>
	<u>154,755</u>	<u>127,302</u>
<b>Motor vehicle</b>		
At cost	42,168	42,168
Less accumulated depreciation	<u>(4,099)</u>	<u>(586)</u>
	<u>38,069</u>	<u>41,582</u>
<b>TOTAL WRITTEN DOWN VALUE</b>	<u><u>12,336,751</u></u>	<u><u>12,462,216</u></u>

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (continued)

#### VALUATIONS

The valuation of land and buildings associated with the company's club premises was based on a market value of the premises for the existing use of those assets as at 22 October 2015. Market value for the existing use assumes that the business is a continuing business as at the date of valuation.

Investment properties were revalued on the basis of their market value in an arms length sale between a willing buyer and a willing seller. The company's investment properties were valued at 22 October 2015.

The company's only core property is the club premises located at 25 Macquarie Place, Mortdale, NSW. Investment properties located at 46-48 Pitt Street, Mortdale and 19 Macquarie Place, Mortdale are considered to be non-core property.

	2017 \$	2016 \$
<b>RECONCILIATIONS</b>		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Property – Club premises including car park		
Carrying amount at beginning of year	10,351,138	10,476,142
Depreciation	(125,004)	(125,004)
Revaluation increment	-	-
Carrying amount at end of year	<u>10,226,134</u>	<u>10,351,138</u>
Investment properties		
Carrying amount at beginning of year	1,750,000	1,750,000
Revaluation increment	-	-
Carrying amount at end of year	<u>1,750,000</u>	<u>1,750,000</u>
Plant and equipment		
Carrying amount at beginning of year	361,078	442,956
Additions	146,196	95,818
Depreciation	(121,337)	(135,531)
Disposals	(25,320)	(42,165)
Carrying amount at end of year	<u>360,617</u>	<u>361,078</u>

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

	2017 \$	2016 \$
<b>NOTE 12 – TRADE AND OTHER PAYABLES</b>		
Accrued expenditure	70,021	72,925
GST and PAYG withholding payable	26,141	21,699
SG Gaming – ANZ Pty Limited	16,839	-
SG Gaming – Pink Panther	22,453	-
Subscriptions paid in advance	11,047	11,637
Other creditors	1,703	-
Trade creditors	66,855	125,056
Wages clearing	(5,270)	-
	<u>209,789</u>	<u>231,317</u>

### NOTE 13 – BORROWINGS

#### CURRENT

Secured liabilities		
Bank overdraft	292,580	181,866
Bank loan	-	21,301
Total current borrowings	<u>292,580</u>	<u>203,167</u>

#### NON-CURRENT

Secured Liabilities		
Bank loan	503,671	505,232
Loan – Sub Branch	350,000	350,000
Total non-current borrowings	<u>853,671</u>	<u>855,232</u>

Total borrowings	<u>1,146,251</u>	<u>1,058,399</u>
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Collateral Provided.

The bank accommodation is secured by registered first mortgage over the Club premises located at 25 Macquarie Place Mortdale. The accommodation from the Sub Branch is secured by registered first mortgage over one of the Clubs investment properties located at 19 Macquarie Place Mortdale.

### NOTE 14 – PROVISIONS

Analysis of provisions:

Current liabilities	66,137	50,984
Non - current liabilities	11,246	7,843
	<u>77,383</u>	<u>58,827</u>

	Annual Leave	Long Service Leave	Total
Movement in provisions:			
Opening balance as at 1 January 2017	32,173	26,654	58,827
Additional provisions	27,797	6,035	33,832
Less: amounts paid	(15,276)	-	(15,276)
Balance as at 31 December 2017	<u>44,694</u>	<u>32,689</u>	<u>77,383</u>

## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 15 – RELATED PARTY TRANSACTIONS

The names of the directors of Mortdale RSL Community Club Ltd during the financial year are outlined in paragraph (a) of the Directors' Report. No directors received payments or received benefits from the company other than those benefits approved in advance by the members.



## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 16 – COMMITMENTS

	2017 \$	2016 \$
Future operating lease and maintenance costs associated with plant and equipment not provided for in the financial statements and payable:		
Not later than one year	-	11,374
Later than one year but not later than five years	-	-
	<u>-</u>	<u>11,374</u>

### NOTE 17 – CONTINGENT LIABILITIES

	2017 \$	2016 \$
Estimates of the financial effect of contingent liabilities that may become payable.		

(1) An amount is payable under the terms of an agreement with State Branch Returned Services League of Australia. This agreement was signed when the company acquired its premises from the Sub-Branch. The company is obliged to pay mortality costs on account of members who joined the Sub-Branch prior to 21 April 1981 and who continue to be a member of that organisation at the time of their death. In addition, the company pays mortality benefits to members of the company who joined prior to 21 April 1981 and who continue to be a paid up member.

	17,600	18,200
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(2) In return for a bank guarantee in favour of TAB Limited the company has signed a letter of set off over a term deposit for the same amount.

	5,000	5,000
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(3) Future capital expenditure commitments at balance date

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### NOTE 18 – STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flows from operations with profit / (loss) after income tax:

Profit / (Loss) after income tax	(201,582)	(423,236)
Reconciling items:		
Gain on revaluation of investment properties		
Income tax recoverable	(9,434)	
Depreciation	246,341	260,535
(Profit) / Loss on sale of non-current assets	44,215	

Change in assets and liabilities:

(Increase)/Decrease in prepayments and other receivables	104	(371)
(Increase)/Decrease in trade receivables	(17,264)	2,975
(Increase)/Decrease in inventories	(3,620)	
Increase/(Decrease) in payables	(21,528)	19,733
Increase/(Decrease) in other provisions	18,556	(86,791)
Net cash provided by / (used in) operating activities	<u>55,788</u>	<u>(227,155)</u>

(b) Reconciliation of cash

Cash consists of cash on hand and cash at bank.	<u>79,957</u>	<u>100,777</u>
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## Note to and Forming Part of the Financial Statements for the Year ended 31 December 2017

### NOTE 19 – FINANCIAL REPORTING BY SEGMENT

The company operates in one industry only, with the principal activity of the company being that of a licensed club.

The company operates in one location, being Mortdale, New South Wales.

### NOTE 20 – FINANCIAL INSTRUMENTS

#### Interest Rate Risk

The company's exposure to interest rate risk and the effective weighted average interest rates on classes of financial assets and financial liabilities has been estimated as follows:

	Weighted average effective interest rate	Floating Interest rate	Fixed interest maturing in:			Total
			1 Year or less	1 to 15 Years	Non- interest bearing	
		\$	\$	\$	\$	\$
<b>2017</b>						
<i>Financial assets</i>						
Cash and cash equivalents					79,957	79,957
Financial assets	2.17%	5,892				5,892
		<u>5,892</u>			<u>79,957</u>	<u>85,849</u>
<i>Financial liabilities</i>						
Trade payables					106,147	106,147
Bank overdraft	7.1%	292,580				292,580
Bank loan	8.04%			503,671		503,671
Loan – Sub Branch	5.5%			350,000		350,000
		<u>292,580</u>		<u>853,671</u>	<u>106,147</u>	<u>1,252,398</u>
<b>2016</b>						
<i>Financial assets</i>						
Cash and cash equivalents		-	-	-	100,777	100,777
Financial assets	2.17%	6,493	-	-	-	6,493
		<u>6,493</u>	<u>-</u>	<u>-</u>	<u>100,777</u>	<u>107,270</u>
<i>Financial liabilities</i>						
Trade payables		-	-	-	125,056	125,056
Bank overdraft	7.1%	181,866	-	-	-	181,866
Bank loan	8.04%	-	21,301	505,232	-	526,533
Loan – Sub Branch	5%	-	-	350,000	-	350,000
		<u>181,866</u>	<u>21,301</u>	<u>855,232</u>	<u>125,056</u>	<u>1,183,455</u>

## Compilation Report

### Scope

On the basis of information provided by the directors, we have compiled in accordance with APES 315 "Compilation of Financial Information" the following detailed income and expenditure statements of the company for the year ended 31 December 2017.

### The Responsibility of the Directors

The directors are solely responsible for the information contained in these statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the statements were prepared.

### Our Responsibility

We have applied our expertise in accounting and financial reporting to compile these detailed statements in accordance with the basis of accounting described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES110 Code of Ethics for Professional Accountants.

### Assurance Disclaimer

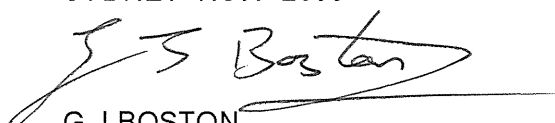
Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these statements. Accordingly, we do not express an audit opinion or a review conclusion on these statements.

The detailed income and expenditure statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of these detailed income and expenditure statements.

Dated at Sydney this 27<sup>th</sup> day of February 2018

### ARMSTRONG WILY BUSINESS SERVICES PTY LTD

Chartered Accountants  
Level 5, 179 Elizabeth Street  
SYDNEY NSW 2000



G J BOSTON  
Director

Liability limited by a Scheme approved under Professional Standards Legislation

## Supplementary Schedules

### Detailed Profit or Loss for the Year ended 31 December 2017

	2017 \$	2016 \$
Profit from gaming	985,630	714,442
Profit from bar trading	165,747	205,333
Profit from rental properties	39,613	45,548
Macquarie Room	52,458	30,622
Members' subscriptions	13,926	10,396
ATM rebate	17,978	20,841
Sale of Assets Profit/ (Loss)	(44,215)	-
Interest received	-	131
Sundry income	44,516	14,479
Raffles – welfare	1,989	7,654
Raffle Income	67,004	-
Bingo Income	42,906	-
	<u>1,387,552</u>	<u>1,049,446</u>
Less: Administration expenses	(1,598,568)	(1,472,682)
Profit / (loss) from ordinary activities	<u>(211,016)</u>	<u>(423,236)</u>
Gain on revaluation of investment properties		-
Gain on revaluation of Club premises		-
Profit / (loss) before income tax	<u>(211,016)</u>	<u>(423,236)</u>

These supplementary schedules are unaudited and have been prepared for the benefit of members

## Gaming Revenue Account for the Year ended 31 December 2017

	2017 \$	2016 \$
Gross poker machine clearances	6,417,947	6,765,923
Less cancelled credits and jackpots paid	<u>(5,048,853)</u>	<u>(5,366,540)</u>
Net poker machine clearances	1,369,094	1,399,383
Other gaming revenue		
Club KENO commission	29,775	36,989
TAB commission	20,615	12,035
GST rebate based on gaming profits	17,187	17,172
Total gaming revenue	<u>1,436,671</u>	<u>1,465,579</u>
Less: Expenses		
Clearance expenses		-
Computer game costs	13,731	20,523
Data monitoring services	33,855	28,222
Depreciation	65,330	78,676
KENO expenses	3,553	4,197
Leasing expenses	-	155,265
Player tracking system	10,394	-
Poker machine analysis	1,230	2,208
Poker machine promotions	35,834	81,648
Poker machine tax	141,692	151,033
Poker machine redemption	6,818	-
Quickchange	2,412	-
Repairs & maintenance	24,103	21,057
Safe shortages / (excess)	-	(668)
Sundry gaming expenses	303	-
TAB expenses	13,186	3,883
Wages	<u>98,600</u>	<u>205,093</u>
	<u>451,041</u>	<u>751,137</u>
Profit from gaming	<u><u>985,630</u></u>	<u><u>714,442</u></u>

These supplementary schedules are unaudited and have been prepared for the benefit of members

## Bar Trading Statement for the Year ended 31 December 2017

	2017 \$	2016 \$
Sales	<u>864,077</u>	<u>837,273</u>
Cost of sales		
Opening stock	19,346	22,321
Purchases	<u>347,287</u>	<u>334,400</u>
	366,633	356,721
Less: Closing stock	<u>(22,966)</u>	<u>(19,346)</u>
	343,667	337,375
Gross profit for the year (2017 60.41% on sales, 2016: 59.70%)	<u>520,410</u>	<u>499,898</u>
Less: Expenses		
Bar sundries	766	1,173
Bar supplies	2,653	-
Depreciation	3,583	3,035
Gas cylinders	1,258	3,130
Repairs & maintenance	35,005	6,998
Wages – bar, cellar and bistro	307,552	277,941
Stocktaking fees	-	2,120
Bar promotions	-	168
POS Support	<u>3,846</u>	<u>-</u>
	354,663	294,565
Profit from bar trading	<u><u>165,747</u></u>	<u><u>205,333</u></u>

These supplementary schedules are unaudited and have been prepared for the benefit of members

## Rental Statements for the Year ended 31 December 2017

	2017 \$	2016 \$
<b>RENTAL PROPERTIES</b>		
Rent received – 46-48 Pitt Street Mortdale	<u>41,988</u>	<u>41,241</u>
Less: Expenses		
Depreciation	741	741
Land tax	5,182	5,149
Letting fee	-	-
Management fee	1,133	1,747
Rates	3,274	2,622
Repairs & Maintenance	<u>299</u>	<u>-</u>
	<u>10,629</u>	<u>10,259</u>
Profit from rental property	<u>31,359</u>	<u>30,982</u>
 Rent received - 19 Macquarie Place, Mortdale	 28,538	 26,718
Less: Expenses		
Depreciation	178	194
Land tax		6,828
Letting fee		560
Management fee	11,302	1,819
Rates	3,654	2,268
Repairs and maintenance	<u>5,150</u>	<u>483</u>
	<u>20,284</u>	<u>12,152</u>
Profit from rental property	<u>8,254</u>	<u>14,566</u>
 Total profit from rental properties	 <u>39,613</u>	 <u>45,548</u>

These supplementary schedules are unaudited and have been prepared for the benefit of members



## Administration Expenses for the Year ended 31 December 2017

	2017 \$	2016 \$
Accountancy fees & other services	10,421	11,701
Advertising and promotions	37,279	17,759
Artists, social functions & entertainment (refer next page)	354,920	278,866
Auditor's remuneration	17,500	17,500
Bad debts written off	-	1,360
Bank charges	7,722	8,531
Bookkeeping	3,250	6,700
Brassiere costs	9,517	9,224
Building valuation fees	-	6,523
Bus expenses	5,707	-
Cleaning & waste	83,732	102,143
Club subscriptions	5,976	12,816
Club sporting activities	17,544	15,454
Computer costs - in house	18,481	16,966
Consultants costs	30,445	122,699
Depreciation – administration	45,991	50,884
Depreciation – buildings	125,004	125,004
Depreciation – kids playroom	2,001	2,001
Depreciation – motor vehicles	3,513	-
Donations and related costs	8,872	8,397
Foxtel	47,809	-
Fringe benefits tax	-	530
General expenses (refer next page)	12,113	19,545
Insurance	63,915	62,919
Interest	75,118	59,439
Legal costs	-	3,249
Licence fees	9,887	66,756
Motor vehicle expenses	-	3,727
Payroll tax	(729)	2,233
Power, light & heating	101,440	78,557
Printing, stationery & postage	26,106	20,484
Provision for holiday pay & long service leave	-	(86,791)
Rates	30,151	28,950
Repairs & maintenance (refer next page)	86,702	57,892
Security	9,090	4,161
Staff training – net of Government incentives	5,532	2,515
Superannuation contributions	59,487	61,466
Telephone	15,555	10,649
Trade waste	20,130	-
Uniforms	-	174
Wages – administration	225,812	223,613
Wages – reception	20,363	29,545
Welfare expenses	2,212	8,541
	<u>1,598,568</u>	<u>1,472,682</u>

These supplementary schedules are unaudited and have been prepared for the benefit of members

## Administration Expenses for the Year ended 31 December 2017 (cont)

	2017 \$	2016 \$
<b>Analysis of artists, social functions &amp; entertainment:</b>		
Bands, artists and entertainment promotions	46,876	47,159
Staff Christmas gifts and serviettes	-	2,154
Frequent user draw	24,800	22,550
Poker promotion costs	41,182	53,498
Children's Christmas party	-	-
Children's playroom expenses	-	-
Prizes	101,610	37,346
Refreshments and food supplied to directors	3,806	4,197
Refreshments and food supplied to members	41,635	8,467
Refreshments supplied to pensioners	-	2,168
Taxi fare subsidy	-	4,855
Wages - Bingo	8,772	10,138
Bingo promotion cost	78,197	38,457
Mahjong	8,042	47,877
	<u>354,920</u>	<u>278,866</u>
<b>Analysis of general expenses:</b>		
General administration expenses	5,437	9,109
Christmas decorations	-	3,000
Staff costs	6,615	5,521
Sub-branch expenses		1,417
Freight	61	498
	<u>12,113</u>	<u>19,545</u>
<b>Analysis of repairs and maintenance:</b>		
Buildings	86,353	-
Plant and equipment	349	57,892
	<u>86,702</u>	<u>57,892</u>

These supplementary schedules are unaudited and have been prepared for the benefit of members



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