

**Five Dock RSL Community  
Club Limited**

ABN 57 001 027 489

Annual Report

31 December 2016

# Five Dock RSL Community Club Limited

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# Five Dock RSL Community Club Limited

## Directors' report

### For the year ended 31 December 2016

The directors present their report together with the financial report of Five Dock RSL Community Club Limited (the Company or the Club) for the financial year ended 31 December 2016 and the auditor's report thereon.

#### 1 Directors

The directors of the Company at any time during or since the end of the financial year are as follows. All directors held office for the entire financial year and up to the date of this report, unless otherwise stated:

<b>Name and</b>	<b>Occupation</b>	<b>Experience and special responsibilities</b>
Ridge, Robert	Senior Manager – Hospitality Sector	Current President - Appointed 30 October 2012 Past Vice President - 5 years Director – Appointed 18 May 2006 President Five Dock RSL Sub Branch Trustee Five Dock RSL Sub Branch Club Membership – Joined June 1997 Advanced Diploma Hospitality Management Royal Australian Navy 1978 - 1984
Critchley, John. J.P	Retired Industry Training Coordinator (NSW Department of Education)	Past Chairman Auxiliaries - 2002 to 2012 Director – Appointed 29 January 2002 Club Membership – Joined 27 August 1991 Club Life Member Life Member Five Dock RSL JRL Life Member Balmain JRL Chairman Balmain JRL Board Former Industry Training Coordinator with DET - 25 years Former Board Member of Electrical Contractors Association - 23 years Mechanical Engineering Trade Certificate
Mercer, Jill	Owner, Cosmetic Training & Placement Academy - 20 years	Current Senior Vice President - Appointed 28 June 2016 Past Vice President - 4 years Director - Appointed 15 May 2008 Club Membership - Joined 30 January 2000 Business Owner - 9 years Retail Business Management Certificate

# Five Dock RSL Community Club Limited

## Directors' report (continued)

For the year ended 31 December 2016

### 1 Directors (continued)

<b>Name and</b>	<b>Occupation</b>	<b>Experience and special responsibilities</b>
Lewis, Catherine RFD, psc-r, MA, M Ed, MAICD	Management Consultant / Lecturer	Director - Appointed 20 May 2010 Chair of Five Dock RSL Sports & Auxiliaries Chair of Five Dock RSL Sustainment Committee Five Dock RSL Sub-Branch Vice President Full and Part Time Army - 42 years Director, Australian Army Museum - 17 years Treasurer, Defence Reserve Association NSW - 15 years
Speranza, Nick	Field Supervisor - Electricity Distributor	Director – Appointed 27 February 2013 Vice President - Appointed 28 June 2016 Club Membership - Joined 29 June 2004 Life Member Five Dock RSL JRL Committee Member / Past President Five Dock RSL JRL Director Balmain District JRL Board Field Supervisor – 30 years Director Foundation & Management Training Finance for Club Boards Training Electrical and Telecommunications Licence
Bailey, Mark	Property Underwriting Manager	Director - Appointed 27 February 2013 Club Membership - Joined January 1999 Employed in the Insurance Industry for past 39 years Managing Director of Pacific Underwriting Corporation for 5 years Currently employed by a Lloyds of London underwriting syndicate Member of Australian Turf Club for 27 years
Howard, Peter	Licencee/Owner – Hospitality Sector 45 years experience	Director - Appointed 6 August 2015 Club Membership - Joined 10 March 2011 Five Dock RSL Sub-Branch member Vice President Five Dock RSL Sub-Branch Trustee Five Dock RSL Sub-Branch Treasurer Five Dock RSL Sub Branch Five Dock RSL Sub-Branch committee Sydney County Council - Treasury Section 13 years Royal Australian Army 1969-1971 Vietnam Service 1970-1971 Justice Of The Peace appointed 1972

# Five Dock RSL Community Club Limited

## Directors' report (continued)

For the year ended 31 December 2016

### 2 Directors meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors and number of meetings held during the financial year are:

Director	BOARD MEETINGS	
	Number of meetings attended	Number of meetings held*
Ridge, Robert	16	16
Critchley, John	15	16
Mercer, Jill	15	16
Lewis, Catherine	15	16
Speranza, Nick	16	16
Howard, Peter	15	16
Bailey, Mark	13	16

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

### 3 Objectives and strategies

#### *Short term objectives:*

To maintain profitability that assists in reducing or eliminating debt, continue our quest in supporting the community and to offer a modern and attractive facility for the Club's membership and the community at large.

#### *Long term objectives:*

Ensure that the Company strives to be financially viable and relevant in its community by increasing revenue whilst ensuring excellence in service, product, environment, teamwork focus and consistency.

The long term vision is always linked to profit levels and maintaining competitive advantage. Customer loyalty is of utmost importance in terms of long term survival, therefore the long term goal is to increase loyalty with more visitors being converted to members.

As a non-profit organisation, the Company re-invests in itself to ensure that its premises are modern and attractive to its members and most importantly supporting the community.

#### *Strategies*

The overall strategy of the Club both in the short term and in the longer term is to continually provide a superior product offering, whilst maintain industry financial benchmarks to allow for future development.

To this end, the Clubs Board and senior management are continuing to develop a strategic plan to maximize the potential of the Clubs land holdings, with the primary focus in the short term to provide a consolidated gaming area on the ground floor, alternative food & beverage offerings and the possibility of limited parking. Once the conceptual plans are finalised further information will be made available to members.

To this end, the Club's strategy has been to augment market share by directing marketing activities to both families and Generation Y's whilst still appealing to current clientele. Examples of strategies employed to increase market share include installing a parents room within close proximity to the kids maze and marketing the alfresco dining facility to Generation Y's.

# Five Dock RSL Community Club Limited

## Directors' report (continued)

For the year ended 31 December 2016

### 4 Principal activities

The principal activities of the Company during the course of the financial year were the conduct and promotion of a licensed social club for its members and non-member visitors to the Company's facilities.

There were no significant changes in the nature of the activities of the Company during the year.

### 5 Operating and financial review

The profit after tax of the Company for the year ended 31 December 2016 was \$867,715 (2015: \$718,430).

Budgets, cash flow management, reports on expenses and revenue streams are utilised to make informed and accurate financial decisions. The Board of directors considers these measures to be the key for a sound financial management to ensure business activities are managed in a pro-active manner. These reports are linked to the mission statement, goals and strategies to ensure business activities are on track.

Key performance indicators, budgets and business efficiency ratios are tools used to consistently monitor the Company's performance. These tools enable the Company to translate its goals and objectives into tangible results. The use of these reports along with Company's mission statement and strategic plan ensure that the business plans are achieved.

The Club's departmental managers prepare a business plan. This further demonstrates management's commitment and accountability to the Company's objectives and their ability to turn financial objectives into tangible results.

### 6 Membership

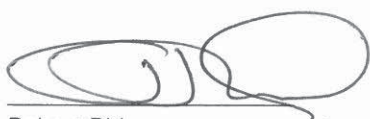
Five Dock RSL Community Club Limited is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$3 per member in the event of the winding up of the Company during the time he or she is a member or within one year thereafter. The total amount that members of the Company are liable to contribute if the Company is wound up is \$45,681 (2015: \$51,342). The number of members as at 31 December 2016 and the comparison with the last year is as follows:

	2016	2015
Full	15,223	17,110
Life	4	4
	<u>15,227</u>	<u>17,114</u>

### 7 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the financial year ended 31 December 2016.

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



Robert Ridge  
President

Dated at Five Dock this 11th day of April 2017



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Five Dock RSL Community Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2016, 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.

KPMG

Cameron Roan  
*Partner*

Sydney

11 April 2017

# Five Dock RSL Community Club Limited

## Statement of profit or loss and comprehensive income

**For the year ended 31 December 2016**

<i>In AUD</i>	<b>Note</b>	<b>2016</b>	<b>2015</b>
Revenue	4	<b>14,036,398</b>	14,073,919
Raw materials and consumables used		<b>(1,027,159)</b>	(986,372)
Change in inventories of finished goods		<b>(6,440)</b>	(16,427)
Net gain/(loss) on disposal of property, plant and equipment		<b>68,413</b>	(233,547)
Poker machine licences and taxes		<b>(2,715,421)</b>	(2,936,248)
Personnel expenses	5	<b>(4,439,218)</b>	(4,475,628)
Property expenses		<b>(934,491)</b>	(900,312)
Entertainment, marketing and promotional costs		<b>(1,403,201)</b>	(1,162,637)
Consultants		<b>(165,517)</b>	(125,893)
Donations		<b>(159,197)</b>	(165,553)
Repairs and maintenance		<b>(562,614)</b>	(511,164)
Other expenses		<b>(464,614)</b>	(550,625)
Depreciation expense		<b>(1,446,797)</b>	(1,437,500)
<b>Results from operating activities</b>		<b>780,142</b>	572,013
Interest income		<b>10,022</b>	34,249
Interest expense		<b>(35,845)</b>	(15,676)
<b>Net finance (costs)/income</b>		<b>(25,823)</b>	18,573
<b>Profit before income tax</b>		<b>754,319</b>	590,586
Income tax benefit	6	<b>113,396</b>	127,844
<b>Profit for the year</b>		<b>867,715</b>	718,430
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>867,715</b>	718,430

The notes on pages 11 to 23 are an integral part of these financial statements.



# Five Dock RSL Community Club Limited

## Statement of financial position

As at 31 December 2016

In AUD

	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Assets</b>			
Cash and cash equivalents	7	<b>1,441,751</b>	1,190,580
Trade and other receivables	8	<b>58,789</b>	32,855
Inventories	9	<b>105,921</b>	112,361
Current tax receivable		-	23,559
Prepayments		<b>37,983</b>	33,668
<b>Total current assets</b>		<b>1,644,444</b>	1,393,023
Deferred tax assets	10	<b>285,972</b>	212,106
Property, plant and equipment	11	<b>22,219,794</b>	22,698,109
Intangible assets	12	<b>280,000</b>	-
<b>Total non-current assets</b>		<b>22,785,766</b>	22,910,215
<b>Total assets</b>		<b>24,430,210</b>	24,303,238
<b>Liabilities</b>			
Trade and other payables	14	<b>672,274</b>	927,722
Loans and borrowings	15	<b>19,881</b>	60,174
Employee benefits	16	<b>930,288</b>	738,154
Provisions	18	<b>4,691</b>	13,454
Revenue received in advance		<b>11,282</b>	12,905
<b>Total current liabilities</b>		<b>1,638,416</b>	1,752,409
Loans and borrowings	15	<b>1,200,000</b>	1,800,000
Employee benefits	16	<b>52,968</b>	52,626
Revenue received in advance		<b>75,691</b>	102,783
<b>Total non-current liabilities</b>		<b>1,328,659</b>	1,955,409
<b>Total liabilities</b>		<b>2,967,075</b>	3,707,818
<b>Net assets</b>		<b>21,463,135</b>	20,595,420
<b>Members' funds</b>			
Retained earnings		<b>21,463,135</b>	20,595,420
<b>Total members' funds</b>		<b>21,463,135</b>	20,595,420

The notes on pages 11 to 23 are an integral part of these financial statements.

Five Dock RSL Community Club Limited  
Statement of changes in members' funds  
**For the year ended 31 December 2016**

*In AUD*

	<b>Members' funds</b>
<b>Balance at 1 January 2015</b>	19,876,990
<b>Total comprehensive income for the year</b>	
Profit for the year	718,430
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<u>718,430</u>
<b>Balance at 31 December 2015</b>	<u>20,595,420</u>
<b>Balance at 1 January 2016</b>	<b>20,595,420</b>
<b>Total comprehensive income for the year</b>	
Profit for the year	<b>867,715</b>
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<u><b>867,715</b></u>
<b>Balance at 31 December 2016</b>	<u><b>21,463,135</b></u>

The notes on pages 11 to 23 are an integral part of these financial statements.

# Five Dock RSL Community Club Limited

## Statement of cash flows

For the year ended 31 December 2016

In AUD

	<i>Note</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers		<b>15,294,079</b>	15,441,165
Cash paid to suppliers and employees		<b>(13,220,282)</b>	(13,049,792)
Cash generated from operations		<b>2,073,797</b>	2,391,373
Interest paid		<b>(35,845)</b>	(15,676)
Income tax received		<b>23,559</b>	126,059
<b>Net cash from operating activities</b>		<b>2,061,511</b>	2,501,756
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		<b>110,770</b>	51,219
Interest received		<b>10,022</b>	34,249
Acquisition of property, plant and equipment		<b>(1,010,839)</b>	(5,977,082)
Acquisition of other intangibles		<b>(280,000)</b>	-
<b>Net cash used in investing activities</b>		<b>(1,170,047)</b>	(5,891,614)
<b>Cash flows from financing activities</b>			
(Repayment of)/proceeds from borrowings		<b>(600,000)</b>	1,800,000
Payment of finance lease liabilities		<b>(40,293)</b>	(18,764)
<b>Net cash (used in)/from financing activities</b>		<b>(640,293)</b>	1,781,236
Net increase/(decrease) in cash and cash equivalents		<b>251,171</b>	(1,608,622)
Cash and cash equivalents at beginning of year		<b>1,190,580</b>	2,799,202
<b>Cash and cash equivalents at end of year</b>	7	<b>1,441,751</b>	1,190,580

The notes on pages 11 to 23 are an integral part of these financial statements.

# Five Dock RSL Community Club Limited

## Notes to the financial statements

**For the year ended 31 December 2016**

### **1 Reporting entity**

Five Dock RSL Community Club Limited (the Company) is a reporting entity and a company limited by guarantee domiciled in Australia. The address of the Company's registered office is 66 Great North Road, Five Dock, NSW 2046. The financial statements of the Company are as at and for the year ended 31 December 2016.

The Company is a not-for-profit entity and is primarily involved in the conduct and promotion of a licensed social club for its members and non-member visitors to the Company's facilities.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

In the opinion of the directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001, the Registered Clubs Amendment Act 2006 and the Gaming Machines Tax Act 2001.

The financial statements were approved by the Board of Directors on 11 April 2017.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **(c) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Company's functional currency.

#### **(d) Use of estimates and judgements**

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

#### **(e) New accounting standards for application in future periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The Company has decided not to early adopt any of the new and amended pronouncements. None of these are expected to have a significant impact on the financial statements of the company.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

**For the year ended 31 December 2016**

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Financial instruments**

##### *(i) Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the loans and receivables category.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

##### *(ii) Non-derivative financial liabilities*

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables (excluding accrued expenses) and loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

**For the year ended 31 December 2016**

### **3 Significant accounting policies (continued)**

#### **(b) Property, plant and equipment**

##### *(i) Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net in profit or loss.

##### *(ii) Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### *(iii) Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The average depreciation rates in the current and comparative years are as follows:

- Buildings 2.5%
- Plant and equipment 12%

Depreciation methods, depreciation rates and residual values are reviewed at each reporting date and adjusted if appropriate.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 3 Significant accounting policies (continued)

#### (c) Intangible assets

##### (i) Other intangible assets

Other intangible assets that are acquired by the Company and have indefinite useful lives are measured at cost and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### (d) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

#### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (f) Impairment

##### (i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for any judgement by management as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 3 Significant accounting policies (continued)

#### (f) Impairment (continued)

##### (i) *Non-derivative financial assets (continued)*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### (ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

##### (ii) *Non-financial assets (continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of the item less, where applicable, accumulated depreciation to date, calculated on the basis of such cost. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (g) Employee benefits

##### (i) *Defined contribution superannuation fund*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.



# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 3 Significant accounting policies (continued)

#### (g) Employee benefits (continued)

##### (ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations.

##### (iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### (h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### (i) Revenue

##### (i) Goods sold and services rendered

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. If it is probable that discounts will be granted and the amount can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Revenue from services rendered comprises revenue from gaming facilities together with other services to members and patrons of the Company. It is measured at the fair value of the consideration received or receivable and is recognised in profit or loss as the services are provided.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of the goods or there is continuing management involvement with the goods.

##### (ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

#### (j) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

**For the year ended 31 December 2016**

### **3 Significant accounting policies (continued)**

#### **(k) Interest income and expense**

Interest income on bank deposits is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### **(l) Income tax**

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in members' funds or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the Company, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

#### **(m) Goods and services tax**

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

Receivables and payables 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 statement of cash flows on a gross 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.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 4 Revenue

*In AUD*

	2016	2015
Revenue from gaming	10,746,329	11,210,421
Revenue from beverages	920,330	819,979
Revenue from catering	1,177,076	1,086,155
Revenue from functions	279,563	254,337
Rental income	359,210	343,138
Other revenue	553,890	359,889
	<b>14,036,398</b>	<b>14,073,919</b>

### 5 Personnel expenses

*In AUD*

	2016	2015
Salaries and wages	3,574,761	3,694,931
Superannuation	297,588	295,381
Other employee expenses	463,085	481,996
Increase/(decrease) in liability for annual leave	44,568	(9,026)
Increase in liability for long service leave	59,216	12,346
	<b>4,439,218</b>	<b>4,475,628</b>

### 6 Income tax expense

*In AUD*

	2016	2015
<b>Current tax expense</b>		
Current year	(68,169)	(133,617)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(25,582)	5,650
Adjustment for prior years - over provision of deferred tax expense	(19,645)	123
Total income tax benefit	<b>(113,396)</b>	<b>(127,844)</b>

### Reconciliation of effective tax rate

*In AUD*

	2016	2015
The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been calculated as follows:		
Proportion of net taxable income attributable to non-members	942,931	694,101
Less: Proportion of expenses attributable to non-members	(797,524)	(622,932)
	<b>145,407</b>	71,169
Add: Other taxable income	483,616	489,083
	<b>629,023</b>	560,252
Less: Other deductible expenses	(856,253)	(1,005,643)
Net income subject to tax	<b>(227,230)</b>	(445,391)
Income tax using the Company's statutory income tax rate of 30% (2015: 30%)	(68,169)	(133,617)
Origination and reversal of temporary differences	(25,582)	5,650
Adjustment for prior years - over provision of deferred tax expense	(19,645)	123
Income tax expense on pre-tax net profit	<b>(113,396)</b>	<b>(127,844)</b>

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 7 Cash and cash equivalents

*In AUD*

	2016	2015
Bank balances	301,767	291,184
Call deposits	720,954	556,240
Cash on hand	419,030	343,156
Cash and cash equivalents in the statement of cash flows	<b>1,441,751</b>	<b>1,190,580</b>

### 8 Trade and other receivables

*In AUD*

	2016	2015
<b>Current</b>		
Trade receivables	30,918	29,313
Other receivables	27,871	3,542
	<b>58,789</b>	<b>32,855</b>

No impairment allowance in respect of trade and other receivables was recognised during the year (2015: \$nil).

### 9 Inventories

*In AUD*

	2016	2015
Stock on hand	<b>105,921</b>	112,361

### 10 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In AUD</i>	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Employee benefits	17,557	11,047	-	-	17,557	11,047
Provision	19,072	-	-	-	19,072	-
Tax loss carry-forwards	249,343	201,059	-	-	249,343	201,059
Net tax assets	<b>285,972</b>	212,106	-	-	<b>285,972</b>	212,106

#### Movement in temporary differences during the year

<i>In AUD</i>	Balance 1 January 2015	Recognised in profit or loss	Balance 31 December 2015	Balance 1 January 2016	Recognised in profit or loss	Balance 31 December 2016
	Employee benefits	16,697	(5,650)	11,047	11,047	6,510
Provision	-	-	-	-	19,072	19,072
Tax loss carry-forwards	67,442	133,617	201,059	201,059	48,284	249,343
	<b>84,139</b>	<b>127,967</b>	<b>212,106</b>	<b>212,106</b>	<b>73,866</b>	<b>285,972</b>

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 11 Property, plant and equipment

<i>In AUD</i>	<b>Freehold land and buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance at 1 January 2016	25,956,351	10,404,643	<b>36,360,994</b>
Additions	64,863	945,976	<b>1,010,839</b>
Disposals	-	(357,003)	<b>(357,003)</b>
Balance at 31 December 2016	<b>26,021,214</b>	<b>10,993,616</b>	<b>37,014,830</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2016	7,450,632	6,212,253	<b>13,662,885</b>
Depreciation for the year	458,746	988,051	<b>1,446,797</b>
Disposals	-	(314,646)	<b>(314,646)</b>
Balance at 31 December 2016	<b>7,909,378</b>	<b>6,885,658</b>	<b>14,795,036</b>
<b>Carrying amounts</b>			
At 1 January 2016	18,505,719	4,192,390	<b>22,698,109</b>
At 31 December 2016	<b>18,111,836</b>	<b>4,107,958</b>	<b>22,219,794</b>

#### Independent valuation

The independent valuation of the Company's land and buildings carried out as at 31 January 2016 for \$38,530,000 on the basis of open market value for existing use resulted in a valuation of buildings of \$26,350,000 and a valuation of land of \$12,180,000. The land and buildings have been recorded at cost as the carrying amount is less than its fair value less costs to sell.

#### Leased plant and machinery

The Company leases plant and equipment under a number of hire purchase agreements. At the end of the lease, the Company has the option to purchase the plant and equipment for a beneficial price. As at 31 December 2016, the net carrying value of the leased plant and equipment was \$51,193 (2015: \$58,246).

### 12 Intangibles

*In AUD*

<b>Cost</b>	<b>Gaming machine entitlements</b>
Balance at 1 January 2016	-
Additions	280,000
Disposals	-
Balance at 31 December 2016	<b>280,000</b>

### 13 Core and non-core property

*In AUD*

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Club defines property as follows:

	<b>2016</b>	<b>2015</b>
Core property	14,086,799	14,416,696
Non-core property	8,132,995	8,281,413
	<b>22,219,794</b>	<b>22,698,109</b>

Core property: 66 Great North Road, Five Dock, NSW;

Non-core property: 52 - 54 Great North Road, Five Dock, NSW; 56 - 58 Great North Road, Five Dock, NSW.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 14 Trade and other payables

*In AUD*

#### Current

	2016	2015
Trade payables	312,547	415,191
Other payables	316,311	366,524
Accrued expenses	43,416	146,007
	<b>672,274</b>	<b>927,722</b>

### 15 Loans and borrowings

*In AUD*

#### Current

	2016	2015
Hire purchase liabilities	19,881	60,174
	<b>19,881</b>	<b>60,174</b>

#### Non-current

Bill facility	1,200,000	1,800,000
	<b>1,200,000</b>	<b>1,800,000</b>

#### Financing facilities

##### Facilities available

Bank overdraft	200,000	200,000
Bill facility	1,350,000	3,000,000
	<b>1,550,000</b>	<b>3,200,000</b>

##### Facilities utilised at reporting date

Bill facility	1,200,000	1,800,000
	<b>1,200,000</b>	<b>1,800,000</b>

##### Facilities not utilised at reporting date

Bank overdraft	200,000	200,000
Bill facility	150,000	1,200,000
	<b>350,000</b>	<b>1,400,000</b>

#### Security

The bill acceptance facility is secured by registered first mortgages over the properties of the Company, and a registered first equitable mortgage over all the assets and undertakings of the Company. As at 31 December 2016, total assets with a carrying amount of \$24,430,210 (2015: \$24,303,238) are subject to secure the bill acceptance facility.

#### Bank bills

Bank bills are denominated in Australian dollars.

#### Finance lease liabilities

*In AUD*

	Future minimum lease payments	
	2016	2015
Less than one year	10,404	23,435
Between one and five years	-	13,141
	<b>10,404</b>	<b>36,576</b>

Under the terms of the lease agreements, no contingent rents are payable.

The Company has plant and equipment under hire purchase agreements expiring between one to four years. At the end of the lease term, the Company has the option to purchase the equipment.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16 Employee benefits

*In AUD*

#### Current

	2016	2015
Salaries and wages accrued	156,647	67,956
Liability for long service leave	338,050	279,176
Liability for annual leave	435,591	391,022
	<b>930,288</b>	<b>738,154</b>

#### Non-current

Liability for long service leave	52,968	52,626
	<b>52,968</b>	<b>52,626</b>

### 17 Operating leases

#### Leases as lessee

The total future minimum lease payments under a non-cancellable operating lease were as follows:

*In AUD*

	2016	2015
Less than one year	6,600	6,600
Between one and five years	7,956	14,574
	<b>14,556</b>	<b>21,174</b>

The company leases plant and equipment under non-cancellable operating leases expiring from 1 to 2 years. Operating leases generally provide the Company with a right to renewal at which time all terms are negotiated.

### 18 Provisions

#### Linked poker machine jackpot

Opening balance	13,454
Additions	600,976
Payments and usage	<u>(609,739)</u>
Closing balance	<b><u>4,691</u></b>

Poker machine link jackpots is the current balance of available jackpots that accumulate from turnover play on poker machines. These jackpots are returned to players by achieving the required combination for the link jackpot on the machine being played.

# Five Dock RSL Community Club Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 19 Contingent assets and contingent liabilities

The Company has the following contingent liabilities in the form of bank guarantees with the following institutions:

<i>In AUD</i>	2016	2015
Autopay	35,000	35,000
TAB Limited	5,000	5,000
	<u>40,000</u>	<u>40,000</u>

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

There were no contingent assets to be reported.

### 20 Member and non-member benefits

<i>In AUD</i>	2016	2015
Member and non-member amenities	693,622	705,449
	<u>693,622</u>	<u>705,449</u>

The above amounts represent the commercial value of benefits provided to patrons free of consideration during the year, and accordingly has not been recognised in the statement of comprehensive income.

### 21 Related parties

#### Key management personnel compensation

The key management personnel compensation was \$195,030 for the year ended 31 December 2016 (2015: \$194,833).

#### Key management personnel transactions and balances with the Company

From time to time, key management personnel of the Company, or their related entities, may purchase goods and services from the Company. These purchases are on the same terms and conditions as those entered into by third parties and are trivial or domestic in nature.

As authorised at the Company's Annual General Meeting, the President received a \$5,000 honorarium (2015: \$5,000). With the exception of this, no other director received any remuneration during the year, or in the prior year.

Mr N Speranza, a director of the Company, has a close relative who is an employee of the Company. The terms and conditions of employment were no more favourable than those available or might be reasonably expected to be available, to unrelated parties on an arms length basis.

Apart from the details disclosed in this note, no other key management personnel has transacted with the Company since the end of the previous financial year and there were no outstanding balances involving key management personnel's interests existing at year-end.

### 22 Subsequent events

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2016.



# Five Dock RSL Community Club Limited

## Directors' declaration

In the opinion of the directors of Five Dock RSL Community Club Limited (the Company):

- (a) the financial statements and notes that are set out on pages 7 to 23, are 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 2016 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Robert Ridge  
*President*

Dated at Five Dock this 11th day of April 2017.



# Independent Auditor's Report

To the members of Five Dock RSL Community Club Limited

## Opinion

We have audited the **Financial Report** of Five Dock RSL Community Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2016
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other Information

Other Information is financial and non-financial information in Five Dock RSL Community Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Directors' Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with



the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

Cameron Roan  
Partner

Sydney

11 April 2017