

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

Your directors present this report on the company for the financial year ended 30 June 2016.

Directors

The names of the directors in office at the date of this report are:

	Qualifications	Board Service
B. Adam-Smith	Electrician	1 yr
R. Blaikie	Retired	12 yrs
A. Corliss	Retired	4 yrs
T. Dagg	Plant Operator	6 yrs
B. Eveleigh	Training Supervisor	7 yrs
C. Ross	Plant Mechanic	10 yrs
C. Scriven	Plant Operator	1 yr

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

Operating Results

The net profit after income tax expense for the year was \$230,872.18 (2015 year net profit after income tax expense was \$607,488.96).

Principal Activities

The principal activity of the company during the financial year was to provide comfortable recreational facilities and amenities for members and guests.

Objectives and Strategy

The company's short-term objectives are to maintain a high standard of customer service and to provide modern and comfortable facilities for its members and their guests.

The company is continually introducing new and improved facilities, it financially supports local charities, sporting and community groups, and provides meeting and function rooms for community groups to utilise.

The company's long term objective is to maintain a high revenue base which includes introducing various sources of diversified income, including the operation of the Centabrook Motel, the lease on the Hungry Jacks site plus other commercial and residential rental properties.

The company sets a high standard of service and facilities in its aim to be the Premier Club of the Upper Hunter.

The Board and Management are always reviewing their strategic planning for future expansion of the company.

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A.B.N. 16 000 992 012

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

The company measures its performance by monitoring and managing the following ratios, margins and results:

	2016	2015
- Gearing Ratio	17.66%	21.72%
- Bar Gross Profit	59.10%	58.88%
- EBITDA (earnings before interest, tax, depreciation and amortisation)	1,256,799	1,538,951
- EBITDA as a % of total revenue	26.1%	29.8%

Meetings of Directors

During the financial year twelve meetings were held. Attendances by each director were as follows:

Name	Board Meetings	
	Number Eligible To Attend	Number Attended
B. Adam-Smith (appointed 20/09/2015)	10	9
R. Blaikie	12	12
R. Cannon (resigned 20/09/2015)	2	2
A. Corliss	12	11
T. Dagg	12	11
B. Eveleigh	12	12
J. Risby (resigned 20/09/2015)	2	2
C. Ross	12	11
C. Scriven (appointed 20/09/2015)	10	10
B. Slade (resigned 31/08/2016)	1	1

The secretary of the club is the Chief Executive Officer, D.A. Egan.

Members Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$127,640 (2015: \$133,060).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on the following page.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Tim Dagg

Director

30 August 2016

Muswellbrook



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A

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MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LIMITED**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**Davies, Thompson & Wright
Chartered Accountants**

**Tracey L. Lawler
Partner
30 August 2016
Muswellbrook**



Liability limited by a scheme
approved under Professional
Standards Legislation

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	2	4,812,352.97	5,156,155.85
Cost of Goods Sold		(454,999.66)	(485,466.79)
Direct Costs			
- employee benefits expense		(599,688.69)	(617,931.77)
- other direct costs		(884,420.38)	(873,155.55)
Gross Profit on Trading		<u>2,873,244.24</u>	<u>3,179,601.74</u>
Profit/(Loss) from Motel Activities		(29,385.91)	(17,747.79)
Profit/(Loss) from Rental Activities		91,687.14	96,292.27
Other Income	2	282,440.44	282,412.80
Administration and Operating Expenses			
- depreciation and amortisation expense		(863,978.97)	(782,715.12)
- employee benefits expense		(751,032.20)	(733,471.42)
- entertainment and amenities		(219,654.42)	(266,461.52)
- interest paid		(14,526.95)	(52,036.13)
- repairs and maintenance		(123,378.65)	(113,433.20)
- donations		(109,117.00)	(151,752.27)
- members promotions		(249,333.53)	(176,965.21)
- other expenses		(656,092.01)	(656,235.19)
PROFIT BEFORE INCOME TAX	3	<u>230,872.18</u>	<u>607,488.96</u>
Income Tax Expense		-	-
PROFIT FOR THE YEAR		<u>230,872.18</u>	<u>607,488.96</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>230,872.18</u></u>	<u><u>607,488.96</u></u>

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	720,128.70	622,023.29
Trade and Other Receivables	5	28,228.39	60,303.02
Inventories	6	31,919.24	29,192.59
Other Assets	7	89,959.84	107,237.65
TOTAL CURRENT ASSETS		<u>870,236.17</u>	<u>818,756.55</u>
NON-CURRENT ASSETS			
Investments	8	1,752.14	1,752.14
Property, Plant and Equipment	9	10,427,070.27	10,610,057.31
Investment Property	10	622,295.30	616,164.55
Intangibles	11	1,478,924.16	1,480,528.16
TOTAL NON-CURRENT ASSETS		<u>12,530,041.87</u>	<u>12,708,502.16</u>
TOTAL ASSETS		<u>13,400,278.04</u>	<u>13,527,258.71</u>
CURRENT LIABILITIES			
Trade and Other Payables	12	561,181.71	537,978.93
Borrowings	13	650,436.02	531,248.88
TOTAL CURRENT LIABILITIES		<u>1,211,617.73</u>	<u>1,069,227.81</u>
NON-CURRENT LIABILITIES			
Borrowings	13	1,259,637.00	1,767,334.92
Provisions	14	114,777.18	107,322.03
TOTAL NON-CURRENT LIABILITIES		<u>1,374,414.18</u>	<u>1,874,656.95</u>
TOTAL LIABILITIES		<u>2,586,031.91</u>	<u>2,943,884.76</u>
NET ASSETS		<u>10,814,246.13</u>	<u>10,583,373.95</u>
EQUITY			
Reserves	15	75,234.79	75,234.79
Retained Earnings		10,739,011.34	10,508,139.16
TOTAL EQUITY		<u>10,814,246.13</u>	<u>10,583,373.95</u>

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD**A.B.N. 16 000 992 012****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	RETAINED EARNINGS	RESERVES	TOTAL
BALANCE AT 30 JUNE 2014	9,900,650.20	75,234.79	9,975,884.99
Total comprehensive income attributable to members of the company for the year	<u>607,488.96</u>	<u>-</u>	<u>607,488.96</u>
BALANCE AT 30 JUNE 2015	10,508,139.16	75,234.79	10,583,373.95
Total comprehensive income attributable to members of the company for the year	<u>230,872.18</u>	<u>-</u>	<u>230,872.18</u>
BALANCE AT 30 JUNE 2016	<u>10,739,011.34</u>	<u>75,234.79</u>	<u>10,814,246.13</u>

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
		INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operations		5,602,237	5,834,502
Payments to Suppliers and Employees		(4,386,927)	(4,327,304)
Interest Received		524	2,675
Finance Costs		(14,527)	(109,229)
Income Tax (Paid)/Refund		13,809	39,809
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,215,116	1,440,453
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment		(772,775)	(548,159)
Proceeds from Sale of Property, Plant and Equipment		44,276	45,364
NET CASH FLOWS FROM INVESTING ACTIVITIES		(728,499)	(502,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Finance Commitments		(723,511)	(1,842,352)
Increase in Finance Commitments		335,000	1,000,000
NET CASH FLOWS FROM FINANCING ACTIVITIES		(388,511)	(842,352)
NET INCREASE OR (DECREASE) IN CASH HELD CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		98,106	95,306
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	622,023	526,717
		720,129	622,023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

The financial statements are for Muswellbrook RSL Sub-Branch Club Limited as an individual company, incorporated and domiciled in Australia. Muswellbrook RSL Sub-Branch Club Limited is a company limited by guarantee.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Muswellbrook R.S.L. Sub-Branch Club Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010 -2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards.

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

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

Accounting Policies

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Dividends are brought to account when received. Interest is brought to account on an accruals basis for bank term deposits. Poker machine revenue is stated net of payouts. Rental income, from investment properties, is recognised over the period of the lease. Motel revenue is recognised on a daily basis and includes 1A St. Heliers Street as motel rental income.

All revenue is stated net of the amount of goods and services tax (GST).

Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Buildings are depreciated on a straight line basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	7.5 to 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. Financial instruments are measured at cost.

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or have expired.

Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Employee Benefits

Provision is made in respect of the company's liability for annual leave and long service leave arising from services rendered by employees to the end of the reporting period. Long service leave is accrued in respect of all employees with more than 5 years' service with the company.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows exclusive of GST.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Income Tax

Income tax expense, shown on the statement of comprehensive income, is calculated in accordance with the Waratah's formula. It is calculated on an annual basis, with a corresponding provision for income tax payable raised.

Deferred tax assets relating to temporary timing differences and unused tax losses are recognised only to the extent, if any, that it is probable that future taxable profit will be available to absorb those timing differences.

Intangibles

Intangibles are initially recognised at cost. Borrowing expenses are amortised on a straight line basis over five years. Poker machine licences are initially recognised at the purchase price paid. Poker machine licences are not amortised as they do not have a finite useful life.

Intangibles are tested annually for impairment and carried at cost less accumulated impairment losses where applicable.

Goodwill

Goodwill is carried at cost, and on an annual basis, the company assesses whether the long term value of the asset has been impaired. Goodwill is deemed to be impaired if and only if there is objective evidence of impairment as the result of the occurrence at one or more events (a loss event), which has an impact on the estimated future cash flows of the asset.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Investments

Investments brought to account are at cost or at valuation. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of the investments.

Investment Property

Investment property, comprising rental properties (but excluding the motel) is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost, fair value or directors' valuation.

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
2 REVENUE AND OTHER INCOME		
Revenue		
Revenue from Sales		
- bar	957,206.22	1,016,582.65
- poker machine	3,751,395.35	4,036,079.98
- coffee shop	103,751.40	103,493.22
Total Revenue	<u>4,812,352.97</u>	<u>5,156,155.85</u>
Profit/(Loss) from Motel Activities	(29,385.91)	(17,747.79)
Profit/(Loss) from Rental Activities	91,687.14	96,292.27
Other Income		
- interest received	524.36	2,674.69
- profit on disposal of property, plant and equipment	23,606.54	22,789.00
- commissions	208,307.26	195,634.48
- members subscriptions	17,067.85	17,555.38
- other revenue	32,934.43	43,539.68
- dividends received	-	219.57
Total Other Income	<u>282,440.44</u>	<u>282,412.80</u>
Total Revenue and Other Income	<u>5,157,094.64</u>	<u>5,517,113.13</u>
3 PROFIT FOR THE YEAR		
Expenses		
Employee Benefits Expense		
- wages	1,226,858.83	1,230,078.19
- contributions to defined superannuation funds	113,809.22	112,590.93
- fringe benefit tax	10,052.84	8,734.07
Total Employee Benefits Expense	<u>1,350,720.89</u>	<u>1,351,403.19</u>
Depreciation and Amortisation		
- land and building	257,428.00	259,935.00
- motor vehicle	21,987.00	18,113.00
- furniture and equipment	299,729.97	231,679.12
- poker machines	284,834.00	272,988.00
Total Depreciation and Amortisation	<u>863,978.97</u>	<u>782,715.12</u>
Finance Costs		
- interest expense on financial liabilities not at fair value through profit or loss	14,526.95	52,036.13
Significant Revenue and Expenses		
Net Profit on Disposal of Non-current Assets	23,606.54	22,789.00
Net (Loss) on Disposal of Non-current Assets	(42,510.55)	(14,486.10)
Auditor Remuneration		
- auditing services	15,700.00	17,300.00
- taxation services	3,280.00	3,200.00
- other services	4,850.00	4,850.00
	<u>23,830.00</u>	<u>25,350.00</u>

These notes form part of the financial report

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD
A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
4 CASH AND CASH EQUIVALENTS		
Cash on Hand	120,000.00	100,000.00
Cash Float Auto Teller	31,000.00	31,000.00
Commonwealth Bank of Australia		
Current Account	435,739.67	284,177.60
Poker Machine Cheque Account	19,021.89	28,230.24
Keno Account	53,452.80	110,852.82
Term Deposit - TAB	8,894.85	8,748.02
TAB Cheque Account	30,073.83	57,038.41
Online Saver Account	1,976.20	1,976.20
CardIT Account	19,969.46	-
	720,128.70	622,023.29
TAB Limited has a security deposit guarantee of \$5,000 over the TAB Term Deposit.		
5 TRADE AND OTHER RECEIVABLES		
Sundry Trade and Other Debtors	28,228.39	60,303.02
6 INVENTORIES		
Stock on Hand Bar (at Cost)	31,919.24	29,192.59
7 OTHER ASSETS		
Accrued Income	46.30	19.63
Prepayments	88,704.79	90,119.83
GST Refundable	1,208.75	3,289.19
Income Tax Refundable	-	13,809.00
	89,959.84	107,237.65
8 INVESTMENTS		
Non-Current		
Shares in Listed Companies (at Cost)	1,002.14	1,002.14
Shares in Unlisted Companies (at Cost)	750.00	750.00
	1,752.14	1,752.14

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
9 PROPERTY, PLANT AND EQUIPMENT		
Land Buildings and Improvements		
Tennis Court - at Cost	29,536.25	29,536.25
Clubhouse Land - at Cost	433,000.00	433,000.00
Back Entrance Car Park - at Cost	63,583.80	63,583.80
Land 105 Bridge Street - at Cost	406,728.69	406,728.69
Buildings 105 Bridge Street - at Valuation 14/09/2010	750,000.00	750,000.00
Less: Accumulated Depreciation	112,602.00	93,801.00
	<u>637,398.00</u>	<u>656,199.00</u>
Clubhouse Building and Improvements- at Cost	9,097,968.45	9,093,231.18
Less: Accumulated Depreciation	2,676,039.00	2,446,317.00
	<u>6,421,929.45</u>	<u>6,646,914.18</u>
Bowling Green and Grounds at - Cost	350,186.58	350,186.58
Less: Accumulated Depreciation	62,296.00	49,203.00
	<u>287,890.58</u>	<u>300,983.58</u>
Car Park Resurface - at Cost	144,550.00	144,550.00
Less: Accumulated Depreciation	19,881.00	12,634.00
	<u>124,669.00</u>	<u>131,916.00</u>
Property 1A St. Heliers Street - at Cost	261,395.21	260,745.21
Less: Accumulated Depreciation	127,335.18	121,625.18
	<u>134,060.03</u>	<u>139,120.03</u>
Playground - at Cost	54,634.00	54,634.00
Less: Accumulated Depreciation	25,275.00	17,909.00
	<u>29,359.00</u>	<u>36,725.00</u>
Motor Vehicles - at Cost	111,487.57	98,058.94
Less: Accumulated Depreciation	40,272.00	44,308.00
	<u>71,215.57</u>	<u>53,750.94</u>
Furniture and Plant - at Cost	3,930,392.95	3,566,357.70
Less: Accumulated Depreciation	3,043,417.47	2,759,992.50
	<u>886,975.48</u>	<u>806,365.20</u>
Poker Machines - at Cost	2,177,051.80	2,126,632.02
Less: Accumulated Depreciation	1,306,851.66	1,257,956.66
	<u>870,200.14</u>	<u>868,675.36</u>
Motel Furniture and Plant - at Cost	57,411.28	54,537.28
Less: Accumulated Depreciation	39,882.00	32,545.00
	<u>17,529.28</u>	<u>21,992.28</u>
Motel Furniture and Plant - at Valuation 14/9/2010	37,500.00	37,500.00
Less: Accumulated Depreciation	33,405.00	31,833.00
	<u>4,095.00</u>	<u>5,667.00</u>
Crockery - at Cost	8,900.00	8,900.00
Total Property, Plant and Equipment	<u><u>10,427,070.27</u></u>	<u><u>10,610,057.31</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Aggregate depreciation and amortisation allocated during the year are recognised as expenses.

Movements in Carrying Amounts

Movements in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

2016	Clubhouse Buildings and Improvements	Furniture and Plant	Poker Machines
Balance at the Beginning of the Year	6,646,914.18	806,365.20	868,675.36
Additions at Cost	4,737.27	380,480.75	337,079.78
Disposals	-	(140.50)	(50,721.00)
Depreciation	(229,722.00)	(299,729.97)	(284,834.00)
Carrying Amount at End of Year	<u>6,421,929.45</u>	<u>886,975.48</u>	<u>870,200.14</u>

2016	Motor Vehicles	Bowling Green
Balance at the Beginning of the Year	53,750.94	300,983.58
Additions at Cost	51,810.45	-
Disposals	(12,358.82)	-
Depreciation	(21,987.00)	(13,093.00)
Carrying Amount at End of Year	<u>71,215.57</u>	<u>287,890.58</u>

2016	Playground	Motel Furniture and Plant	Car Park Resurface
Balance at the Beginning of the Year	36,725.00	27,659.28	131,916.00
Additions at Cost	-	2,874.00	-
Disposals	-	-	-
Depreciation	(7,366.00)	(8,909.00)	(7,247.00)
Carrying Amount at End of Year	<u>29,359.00</u>	<u>21,624.28</u>	<u>124,669.00</u>

Core and Non-Core Property

In accordance with provisions under Section 41J(2) of the Registered Clubs Act the directors have classified the following assets as core property of the company:

- Clubhouse land, buildings and improvements at 113 Bridge Street.

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
10 INVESTMENT PROPERTY		
Property 94 Hill St. - at Cost	147,436.00	147,436.00
Land - 141 Bridge St. - at Valuation 30/6/11	80,000.00	80,000.00
Land - 143 Bridge St. - at Valuation 30/6/11	85,000.00	85,000.00
Land - 145 Bridge St. - at Valuation 30/6/11	110,000.00	110,000.00
Property 129 - 139 Bridge St. - at Directors' Valuation	180,000.00	180,000.00
Improvements 129 Bridge St. - at Cost	15,257.55	15,257.55
Less: Accumulated Depreciation	1,912.00	1,529.00
	<u>13,345.55</u>	<u>13,728.55</u>
Improvements 94 Hill St. - at Cost	6,614.75	-
Less: Accumulated Depreciation	101.00	-
	<u>6,513.75</u>	<u>-</u>
Total Investment Property	<u>622,295.30</u>	<u>616,164.55</u>
11 INTANGIBLE ASSETS		
Poker Machine Licenses – at Cost	895,480.16	895,480.16
Borrowing Costs	3,444.00	5,048.00
Goodwill – at Cost	580,000.00	580,000.00
	<u>1,478,924.16</u>	<u>1,480,528.16</u>
12 TRADE AND OTHER PAYABLES		
Current		
Members Points Unclaimed	61,843.15	61,582.62
Sundry Trade Creditors	266,081.01	247,728.43
Accrued Expenses	27,103.24	19,421.29
Members' Subscriptions in Advance	22,133.52	20,007.71
Lease Rental in Advance	16,236.23	7,751.75
GST Payable	88,056.00	92,270.16
Annual Leave Entitlements	79,728.56	89,216.97
	<u>561,181.71</u>	<u>537,978.93</u>
13 BORROWINGS		
Current		
Commonwealth Bank – Market Rate Loan	637,086.00	-
Commonwealth Bank – Loan	-	508,363.44
Poker Machine Finance	13,350.02	22,885.44
	<u>650,436.02</u>	<u>531,248.88</u>
Non-Current		
Commonwealth Bank - Loan	-	38,984.90
Commonwealth Bank – Market Rate Loan	924,637.00	1,715,000.00
Commonwealth Bank – Market Rate	335,000.00	-
Poker Machine Finance	-	13,350.02
	<u>1,259,637.00</u>	<u>1,767,334.92</u>
Total Borrowings	<u>1,910,073.02</u>	<u>2,298,583.80</u>

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD
A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
<hr/>		
<p>Bank debt is secured by first registered mortgages over non-residential properties located 113 Bridge Street Muswellbrook and 105 Bridge Street Muswellbrook, and a first registered mortgage over the whole of the company's assets, and undertakings including uncalled capital.</p> <p>The company has a number of finance contracts for the purchase of poker machines all of which are subject to a charge over the goods purchased.</p>		
14 PROVISIONS		
Provision for Long Service Leave:		
Balance at the Beginning of the Year	107,322.03	96,699.58
Additional Provisions Raised during Year	10,396.55	14,916.29
Amounts Used	(2,941.40)	(4,293.84)
Balance at the End of the Year	114,777.18	107,322.03
Analysis of Total Provisions		
Current	-	-
Non-Current	114,777.18	107,322.03
	114,777.18	107,322.03

The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.

15 RESERVES		
Asset Revaluation Reserve	41,846.34	41,846.34
Capital Profits Reserve	33,388.45	33,388.45
	75,234.79	75,234.79

16 RELATED PARTY TRANSACTIONS

The names of persons who were directors of the company during the financial year are set out in the Directors Report. Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and liquor on a complimentary basis.

The directors of the company are not paid for their services, other than for out of pocket expenses incurred whilst carrying out duties as a director. This is paid to the President as passed at the Annual General Meeting.

All other transactions with Directors are at normal commercial terms and conditions no more favourable than those available to other parties.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Key Management Personnel Compensation		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly, including any directors (whether executive or otherwise) of that company is considered key management personnel.		
The totals of remuneration paid to key management personnel of the company during the year are as follows:		
Key Management Personnel Compensation	260,007.85	264,808.46
Other Related Party Transactions		
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.		
Relatives of directors employed by the company on normal terms and conditions as follows:		
B. Blaikie - D.A. Egan		
17 FINANCIAL RISK MANAGEMENT		
Financial Instruments are measured at cost.		
i) Financial Assets		
At the date of this report, cash is the only material financial asset held by the company.		
ii) Financial Liabilities		
The company's financial liabilities consist mainly of accounts payable and loan funding used to raise finance for ordinary operations.		
Financial Assets		
Cash and Cash Equivalents	720,128.70	622,023.29
Trade and Other Receivables	28,228.39	60,303.02
Total Financial Assets	748,357.09	682,326.31
Financial Liabilities at Amortised Cost		
Trade and Other Payables	266,341.54	247,728.43
Borrowings	1,910,073.02	2,298,583.80
Total Financial Liabilities	2,176,414.56	2,546,312.23
18 CAPITAL EXPENDITURE COMMITMENTS		
Capital expenditure commitments contracted for the sub branch office, store room, poker machines and related programs		
	210,979.00	-

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2016	2015
\$	\$

19 COMPANY DETAILS

The registered office and principal place of business of the company is:

113 Bridge Street

MUSWELLBROOK NSW 2333

20 MEMBERS' GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2016 the number of members was 6,382 (2015: 6,653)

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Muswellbrook R.S.L. Sub-Branch Club Limited, the directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the company as at 30 June 2016 and of its performance for the year ended on that date.
2. 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.



Tim Dagg

Director

30 August 2016

Muswellbrook



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
Muswellbrook NSW 2333

Phone (02) 6543 2766

Email admin@dtwservices.com.au

Web www.dtwservices.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LIMITED

A.B.N. 16 000 992 012

Report on the Financial Report

We have audited the accompanying financial report of Muswellbrook RSL Sub-Branch Club Limited, which comprises the statement of financial position as at 30 June 2016, the 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

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 standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 company's preparation of the financial report that gives a true and fair view 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 company'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.



Liability limited by a scheme
approved under Professional
Standards Legislation



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Muswellbrook RSL Sub-Branch Club Limited, would be in the same terms if given to the directors as at the time of this auditors report.

Opinion

In our opinion, the financial report of Muswellbrook RSL Sub-Branch Club Limited is in accordance with the Corporations Act 2001 including:

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

Davies, Thompson & Wright
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Tracey Lawler', is written over a horizontal line.

Tracey L. Lawler
Partner
31 August 2016
Muswellbrook



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Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LIMITED**

A.B.N. 16 000 992 012

Scope

Our Auditors' Report on the financial statements of Muswellbrook RSL Sub-Branch Club Limited which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to and forming part of the accounts for the year ended on that date, presented on the preceding pages, does not relate to the additional financial information presented hereinafter.

This additional information presented in the following report, namely the detailed profit and loss statement has been prepared from the accounting records of the club and we do not express an opinion thereon.

**Davies, Thompson & Wright
Chartered Accountants**

Tracey L. Lawler

Partner

31 August 2016

Muswellbrook



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MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<u>BAR TRADING ACCOUNT</u>		
Bar Sales	957,206.22	1,016,582.65
<u>Less: Cost of Goods Sold</u>		
Bar Opening Stock	29,192.59	24,693.04
Bar Purchases	394,235.96	423,067.00
	<u>423,428.55</u>	<u>447,760.04</u>
Closing Stock	(31,919.24)	(29,192.59)
	<u>391,509.31</u>	<u>418,567.45</u>
GROSS PROFIT 59.1% (2015 YEAR 58.8%)	565,696.91	598,015.20
<u>Less: Direct Costs</u>		
Bar Running Expenses	8,654.21	5,592.95
Bar Stocktake Fees	6,480.00	6,480.00
Bar Wages	352,322.93	358,129.41
	<u>367,457.14</u>	<u>370,202.36</u>
PROFIT/(LOSS) FROM TRADING	<u>198,239.77</u>	<u>227,812.84</u>
<u>POKER MACHINE TRADING ACCOUNT</u>		
Gross Clearance	9,487,053.14	11,894,353.36
Less: Prizes and Refills	(5,735,657.79)	(7,858,273.38)
NET REVENUE	3,751,395.35	4,036,079.98
<u>Less: Direct Costs</u>		
Poker Machine Repairs	93,071.97	92,689.84
Poker Machine Turnover Tax	638,444.25	700,556.66
Poker Machine Wages	197,397.92	210,447.53
Poker Machine Monitoring	49,400.58	46,300.50
Ainsworth Licence Fee	31,229.82	-
State Wide Link Fees	53,609.78	15,108.57
Department of Gaming Fees	-	3,500.00
	<u>1,063,154.32</u>	<u>1,068,603.10</u>
PROFIT/(LOSS) FROM TRADING	<u>2,688,241.03</u>	<u>2,967,476.88</u>
<u>COFFEE SHOP TRADING ACCOUNT</u>		
Coffee Shop Sales	103,751.40	103,493.22
<u>Less: Cost of Goods Sold</u>		
Coffee Shop Purchases	63,490.35	66,899.34
GROSS PROFIT 38.8% (2015 YEAR 35.4%)	40,261.05	36,593.88
<u>Less: Direct Costs</u>		
Coffee Shop Running Expenses	3,529.77	2,927.03
Coffee Shop Wages	49,967.84	49,354.83
	<u>53,497.61</u>	<u>52,281.86</u>
PROFIT/(LOSS) FROM TRADING	<u>(13,236.56)</u>	<u>(15,687.98)</u>
GROSS PROFIT FROM TRADING	<u>2,873,244.24</u>	<u>3,179,601.74</u>

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<u>INCOME</u>		
Gross Profit from Trading	2,873,244.24	3,179,601.74
ATM Commission	61,272.64	56,885.37
Sponsorship	-	2,000.00
Green Fees	1,509.51	2,222.30
Keno Commission	103,040.40	90,406.26
Machine Commission	5,690.92	7,213.45
TAB Commission	38,303.30	41,129.40
Parental Leave Payments	-	11,538.90
Dividends Received	-	219.57
Interest Received	524.36	2,674.69
Insurance Recoveries	7,416.00	-
GST Subsidy	17,180.00	17,180.00
Sundry Income	5,504.96	6,870.85
Tennis Court	1,323.96	1,227.63
Members' Subscriptions	17,067.85	17,555.38
Training Rebate	-	2,500.00
Room Hire	16,598.16	22,553.66
Profit on Disposal of Non-Current Assets	23,606.54	22,789.00
Rent 129 Bridge Street	82,775.34	84,027.55
Less: Expenses	11,709.75	14,951.99
	<u>71,065.59</u>	<u>69,075.56</u>
Rent 94 Hill Street	8,450.00	8,450.00
Less: Expenses	4,426.61	3,786.95
	<u>4,023.39</u>	<u>4,663.05</u>
Motel Income	378,830.52	368,590.21
Less: Expenses	408,216.43	386,338.00
	<u>(29,385.91)</u>	<u>(17,747.79)</u>
TOTAL INCOME	<u>3,217,985.91</u>	<u>3,540,559.02</u>
<u>EXPENDITURE</u>		
Accountancy Fees	23,830.00	25,350.00
Bank Charges	3,932.46	9,975.61
Borrowing Costs	1,604.00	3,257.00
Cash Shortage	2,201.47	396.98
Cleaning and Waste Disposal	103,958.11	94,214.64
Computer Software	22,168.93	20,030.99
Directors' Out of Pocket Expenses	3,400.00	3,400.00
Directors and CEO Expenses	22,960.34	12,766.29
Directors Mandatory Training	3,120.00	-

MUSWELLBROOK R.S.L. SUB-BRANCH CLUB LTD

A.B.N. 16 000 992 012

**DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
Depreciation		
- Furniture and Plant	299,729.97	231,679.12
- Poker Machines	284,834.00	272,988.00
- Bowling Greens and Clubhouse	13,093.00	14,093.00
- Clubhouse Building	237,088.00	238,614.00
- Motor Vehicle	21,987.00	18,113.00
- Car Park Resurface	7,247.00	7,228.00
Dining Room Expenses	1,026.33	1,009.61
Donations	109,117.00	151,752.27
Electricity	112,129.94	134,927.72
Entertainment and Amenities	219,654.42	266,461.52
Fringe Benefits Tax	10,052.84	8,734.07
General Expenses	10,268.63	12,534.15
Insurance	90,479.49	91,854.16
Interest Paid	14,526.95	52,036.13
Keno Expenses	9,953.75	8,683.29
Long Service Leave	7,455.15	10,622.45
Loss on Disposal Non-Current Assets	42,510.55	14,486.10
Motor Vehicle Expenses		
- Car and Trailer	7,078.24	8,116.84
- Bus	13,211.65	15,482.25
Payroll Tax	35,233.06	34,431.07
Postage, Stationery and Advertising	32,692.16	56,058.51
Members Promotions	249,333.53	176,965.21
Rates	29,267.25	26,067.56
Repairs and Maintenance	123,378.65	113,433.20
Security Services	16,829.09	16,966.86
Staff Training	1,200.00	1,600.00
Staff Drinks and Meals	7,336.66	7,224.46
Subscriptions and Licences	21,670.50	17,820.93
Superannuation Contributions	113,809.22	112,590.93
TAB Expenses	17,530.84	15,444.62
Telephone	10,829.12	10,994.38
Uniforms	2,214.29	2,518.72
Wages		
- Administration	116,436.08	114,027.90
- Managers	165,925.72	151,825.58
- Door	65,611.86	62,049.55
- Keno	91,973.00	92,423.42
- Cleaning	121,351.30	116,004.52
- TAB	22,992.00	23,104.85
- Property Maintenance	42,880.18	52,710.60
TOTAL EXPENDITURE	<u>2,987,113.73</u>	<u>2,933,070.06</u>
NET PROFIT/(LOSS) BEFORE INCOME TAX	<u>230,872.18</u>	<u>607,488.96</u>

This detailed statement has been prepared to provide additional financial information
for members only and does not form part of the audited financial report.