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Bankstown RSL Club Limited

ABN 61 001 084 591

Annual Financial Report  
31 December 2016

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# Bankstown RSL Club Limited

## Directors' Report

### Directors

The directors present their report together with the financial statements of Bankstown RSL Club Limited (the company) for the year ended 31 December 2016.

The directors of the company in office at any time during or since the end of the financial year are:

<b>Name and qualifications</b>	<b>Experience and Special Responsibilities</b>
B I Pawley - Chairman	Bruce has been a long serving member, having held numerous positions in social clubs and Sub-Branch committees before being elected to the Board of Directors in 1974. He comes from the NSW Public Service background.
B C Hilton - Vice Chairman	Brian has been a member of Bass Hill RSL Club for over 37 years. Past President of Bass Hill Snooker Club (7 years). Retired from the hardware industry after 54 years. Appointed to the Board on March 2007.
J R Player JP	John was elected as a member of the Board since 2001. He served a dedicated 38 years with the RTA as Motor Registry Manager and Administrative Officer.
M Stone	Max has been with the Bass Hill Club for over 42 years and is a Bass Hill Sub Branch Committee Member. He has served in the Building Industry for over 30 years and in Liquor Store Management for about 10 years.
E T Jordan	Enid was the office manager with the club for over 40 years and is an active participant in various social clubs. She was elected to the Board of Directors in 1996 and took on the position of treasurer from 2001 - 2003.
E A Garland	Ann was appointed a director on 27 November 2014. Ann served in the Women's Royal Australian Air Force as an RTA Driver Examiner and Driver Testing Co-Ordinator (DMT/RTA). Ann has been involved in the club industry for 46 years, holding the position of Director and Vice President of Bass Hill. She has been a member at Bankstown for 17 years. She was awarded the Order of Australia Medal for services to the Veteran Community and is currently a contractor to Roads & Maritime Services as a Competency Based Assessor for Heavy Vehicles.
K Asfour	Khal was appointed director on 25 August 2016. Khal is a graduate of Australian Institute of Company Directors and serviced as a board member of Local Government NSW from 2013 to 2015. Khal was a Bankstown City Councillor from 2004 to 2016 and then served as Mayor of Bankstown City Council from 2011 to 2014 and then again from 2015 to 2016.

# Bankstown RSL Club Limited

## Directors' Report

### Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year is:

Director	Number of Meetings Attended	Number of Meetings Held *
B I Pawley	12	12
B C Hilton	12	12
J R Player	12	12
M Stone	12	12
E T Jordan	12	12
E A Garland	11	12
K Asfour	5	5

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

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2016 and the comparison with last year is as follows:

	2016	2015
Ordinary	35,078	30,648
Life	3	4
	<hr/>	<hr/>
	35,081	30,652
	<hr/>	<hr/>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter.

### Operating result

The net profit before tax for the year amounted to \$989,163 compared with \$383,342 for the prior year. This resulted after charging \$1,600,912 (2015: \$2,224,622) for depreciation/ amortisation and before charging \$63,761 (2015: crediting \$94,451) for income tax.

# Bankstown RSL Club Limited

## Directors' Report

### Objectives

#### Short and Long Term

To develop a new club premises with plans to move the current licensed social club at Bankstown into the new premises once development has been completed. Until such time as the new club building is completed, the company will continue to operate licensed social clubs for members and their guests.

### Strategy for achieving the objectives

Maintain our key performance indicators and drive greater revenue returns through our newly renovated premises

### Principal activities

The principal activities of the Company during the course of the financial year consisted of the provision of licensed clubs and services for the use of members and the promotion of the objects of the Returned and Services League.

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

### How these activities assist in achieving the objectives

The activities assist in generating revenue to fund the high quality facilities provided to members and guests, support charitable organisations.

### Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance. The Club uses gross profit percentage and wages to sales percentage to measure the financial performance of each department. The Club also uses EBITDA to measure the financial performance of the Club as a whole.

### Key Performance Indicators

	2016	2015
<b>Gaming</b>		
Revenue percentage	85.83%	84.99%
Net taking per machine	\$47,625	\$46,240
Wages to sales percentage	4.63%	4.67%
Net profit percentage	59.96%	60.52%
<b>Bar</b>		
Revenue percentage	8.50%	8.68%
Gross profit percentage	63.10%	63.56%
Wages to sales percentage	20.71%	21.00%
Gross profit percentage	33.78%	33.62%
<b>EBITDA</b>		
	25.85%	24.77%

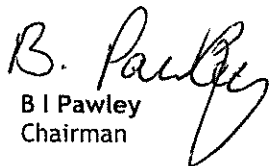
Bankstown RSL Club Limited  
Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors.

Dated at Bankstown this 3<sup>rd</sup> day of February 2017.

  
B I Pawley  
Chairman

**DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF BANKSTOWN RSL CLUB LIMITED**

As lead auditor of Bankstown RSL Club Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

1. The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. Any applicable code of professional conduct in relation to the audit.



Paul Cheeseman  
Partner

**BDO East Coast Partnership**

Sydney, 3<sup>rd</sup> February 2017

To the members of Bankstown RSL Club Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Bankstown RSL Club Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Bankstown RSL Club Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_files/ar1.pdf](http://www.auasb.gov.au/auditors_files/ar1.pdf).

This description forms part of our auditor's report.

#### **BDO East Coast Partnership**

Paul Cheeseman  
Partner

3<sup>rd</sup> February 2017



# Bankstown RSL Club Limited

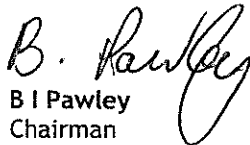
## Directors' Declaration

The directors of Bankstown RSL Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 10 to 34, 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 *Corporations Regulations 2001*.
- (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 the directors.

Dated at Bankstown this 3<sup>rd</sup> day of February 2017

  
B I Pawley  
Chairman

Bankstown RSL Club Limited

Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Sale of goods		1,033,287	1,062,302
Rendering of services		11,061,864	10,947,844
Other revenue		56,942	230,710
<b>Total revenue &amp; other income</b>	1	<b>12,152,093</b>	<b>12,240,256</b>
<b>Expenses</b>			
Raw materials and consumables used		(377,819)	(387,084)
Donations		(197,920)	(181,444)
Employment and staffing expenses		(2,579,209)	(2,607,759)
Depreciation and amortisation expense	2	(1,600,912)	(2,224,622)
Finance costs	2	(551,344)	(423,862)
Entertainment and promotion expenses		(1,142,634)	(1,134,580)
Professional fees		(25,639)	(63,803)
Poker machine licences and taxes		(2,018,144)	(2,007,363)
Property expenses		(1,977,235)	(2,104,662)
Other expenses		(692,074)	(722,335)
		<b>(11,162,930)</b>	<b>(11,857,514)</b>
<b>Profit before income tax expense</b>		<b>989,163</b>	<b>383,342</b>
Income tax (expense) / benefit	3(a)	(63,761)	94,451
<b>Net profit after income tax expense attributable to members</b>		<b>925,402</b>	<b>477,793</b>
<b>Other Comprehensive Income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to members</b>		<b>925,402</b>	<b>477,793</b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 14 to 34.

Bankstown RSL Club Limited  
Statement of Financial Position  
As at 31 December 2016

Assets	Note	2016 \$	2015 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	218,435	1,232,251
Trade and other receivables		25,289	43,341
Inventories		46,588	49,250
Current tax assets	3(b)	-	23,591
Prepayments		230,431	215,216
<b>Total current assets</b>		<b>520,743</b>	<b>1,563,649</b>
<b>Non-current Assets</b>			
Land and buildings	5	25,003,227	22,141,635
Property, plant and equipment	6	9,045,521	6,477,013
Investment property	7	-	2,930,000
Deferred tax assets	3(c)	65,998	87,607
<b>Total non-current assets</b>		<b>34,114,746</b>	<b>31,636,255</b>
<b>Total assets</b>		<b>34,635,489</b>	<b>33,199,904</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank overdraft	5, 9	2,893,678	-
Trade and other payables	8	1,872,795	1,756,560
Borrowings	9	1,080,000	1,080,000
Employee benefits	10	723,953	796,601
Current tax liabilities	3(b)	46,592	-
Other current liabilities	11	239,080	1,650,764
<b>Total current liabilities</b>		<b>6,856,098</b>	<b>5,283,925</b>
<b>Non-current Liabilities</b>			
Borrowings	9	11,430,000	12,510,000
Employee benefits	10	48,601	30,591
<b>Total non-current liabilities</b>		<b>11,478,601</b>	<b>12,540,591</b>
<b>Total liabilities</b>		<b>18,334,699</b>	<b>17,824,591</b>
<b>Net assets</b>		<b>16,300,790</b>	<b>15,375,388</b>
<b>Members funds</b>			
Retained earnings		16,300,790	15,375,388
<b>Members funds</b>		<b>16,300,790</b>	<b>15,375,388</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 34.

Bankstown RSL Club Limited  
Statement of Changes in Equity  
For the Year Ended 31 December 2016

	Retained Earnings \$	Total Equity \$
Balance at 1 January 2015	14,897,595	14,897,595
Net profit after income tax expense for the year	477,793	477,793
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 December 2015	15,375,388	15,375,388
	<hr/>	<hr/>
Net profit after income tax expense for the year	925,402	925,402
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Balance at 31 December 2016	16,300,790	16,300,790
	<hr/>	<hr/>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 14 to 34.

Bankstown RSL Club Limited  
Statement of Cash Flows  
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		13,324,523	14,701,639
Payments to suppliers and employees		(10,047,688)	(11,645,740)
Interest paid		(551,344)	(423,862)
Interest received		177	515
Rent received		62,442	230,195
Income taxes paid		(19,044)	(110,385)
Income taxes refunded		46,863	94,710
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		2,815,929	2,847,072
		<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>			
Acquisition of property, plant and equipment		(4,153,272)	(16,080,206)
Disposal of property, plant and equipment		9,849	-
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(4,143,423)	(16,080,206)
		<hr/>	<hr/>
<b>Net Cash Flows From Financing Activities</b>			
Repayment of borrowings		(1,080,000)	(2,225,400)
Proceeds from borrowings		-	15,010,000
Receipt of option payment		-	1,500,000
Repayment of option fee		(1,500,000)	-
		<hr/>	<hr/>
<b>Net cash (outflow)/inflow from financing activities</b>		(2,580,000)	14,284,400
		<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(3,907,494)	1,051,466
		<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the financial year</b>		1,232,251	180,785
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	4	(2,675,243)	1,232,251
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 34.

# Bankstown RSL Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### About this report

Bankstown RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Bankstown RSL Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 3<sup>rd</sup> February 2017.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 January 2016.
- Have been prepared on a going concern basis.

#### The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

#### Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 6
Estimation of useful lives of assets	Note 6
Long service leave liability	Note 10

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

1 Revenue and Other Income

	2016 \$	2015 \$
<b>Sale of Goods Revenue</b>		
Bar sales	1,033,287	1,062,302
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	10,429,787	10,403,984
Members' subscriptions	216,179	236,415
Entertainment and promotions	102,300	101,073
Keno sales	57,727	56,595
Commission received	66,944	32,503
Function room hire	782	3,895
Sundry income	188,145	113,379
	<u>11,061,864</u>	<u>10,947,844</u>
<b>Other Revenues</b>		
Interest received	177	515
Rent received	56,765	230,195
	<u>56,942</u>	<u>230,710</u>
<b>Total Revenue</b>	<u>12,152,093</u>	<u>12,240,856</u>
<b>Other Income</b>		
Net gain on disposal of plant and equipment	-	-
<b>Total Revenue and Other Income</b>	<u>12,152,093</u>	<u>12,240,856</u>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

1 Revenue and Other Income (continued)

**Revenue Recognition**

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

**Sale of Goods**

Revenue from the sale of goods comprises revenue earned from the provision of beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

**Rendering of Services**

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

**Interest Revenue**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

**Rent Revenue**

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**Other income**

**Sale of Property, Plant and Equipment**

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.



Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

2 Expenses

	2016 \$	2015 \$
Profit before income tax includes the following specific expenses:		
<b>Finance costs</b>		
Bank loans and overdraft	551,344	423,862
<b>Other expenses</b>		
Loss on disposal of property, plant and equipment	42,411	-
<b>Depreciation</b>		
Buildings	68,408	399,132
Plant and equipment	1,528,104	1,653,151
<b>Amortisation</b>		
Leasehold improvements	-	161,090
Leased plant and equipment	4,400	11,249
Total depreciation and amortisation	1,600,912	2,224,622
<b>Net expense from movements in provision for</b>		
Employee benefits	(54,638)	42,583
Defined contribution superannuation expense	257,576	220,259

**Significant judgements**

**(i) Depreciation**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

2 Expenses (continued)

Recognition and Measurement

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

3 Income Tax

(a) Income Tax Expense

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.

	2016 \$	2015 \$
The amount set aside for income tax in the Statement of Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	366,500	294,729
Add: Other taxable income	348,791	434,901
	<hr/>	<hr/>
Less: Other deductible expenses	715,291 (514,661)	729,630 (612,177)
	<hr/>	<hr/>
Net income subject to tax	200,630	117,453
	<hr/>	<hr/>
Current income tax applicable to above at rate of 30%	60,189	35,236
Over provision in prior year	(18,037)	(129,926)
Decrease in deferred tax assets	21,609	239
	<hr/>	<hr/>
Income tax expense / (benefit)	63,761	(94,451)
	<hr/>	<hr/>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

3 Income Tax (continued)

(b) Current Tax (Asset)/Liabilities	2016	2015
	\$	\$
Movements during the year:		
Balance at beginning of year	(23,591)	86,774
Income tax paid	(19,044)	(110,385)
Refunds received	46,863	94,710
Current year's income tax expense on profit	60,401	35,236
Overprovision in prior year	(18,037)	(129,926)
	<hr/>	<hr/>
Current tax liabilities / (assets)	46,592	(23,591)
	<hr/>	<hr/>

(c) Deferred Tax Assets

The balance comprises temporary differences attributable to:

*Amounts recognised in profit and loss*

Employee benefits and provisions	65,998	87,607
	<hr/>	<hr/>
Deferred tax assets	65,998	87,607
	<hr/>	<hr/>
<b>Movements</b>		
Opening balance	87,607	87,846
Charged to the Statement of Profit or Loss and Other Comprehensive Income	(21,609)	(239)
	<hr/>	<hr/>
Closing balance	65,998	87,607
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Bankstown RSL Club Limited  
 Notes to the Financial Statements  
 For the Year Ended 31 December 2016

3 Income Tax (continued)

**Recognition and Measurement**

The income tax expense or benefit for the period is the tax payable on that period’s taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity’s which intend to settle the claim simultaneously.

4 Cash and Cash Equivalents

**Reconciliation of Cash**

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$	2015 \$
Cash and cash equivalents	218,435	1,232,251
Bank overdraft	(2,893,678)	-
	(2,675,243)	1,232,251
	(2,675,243)	1,232,251

**Recognition and Measurement**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

5 Land and Buildings

Freehold land and buildings - at cost	25,003,227	22,141,635
---------------------------------------	------------	------------

Movements in Carrying Amounts

Movements in the carrying amounts for freehold land and building between the beginning and the end of the current financial year are set out below:

**Freehold land and buildings**

Carrying amount at beginning of year	22,141,635	4,386,617
Additions	-	13,740,340
Transfer from investments properties (note 7)	2,930,000	-
Transfers from work in progress	-	2,947,700
Transfers from leasehold improvements	-	1,466,110
Depreciation expense	(68,408)	(399,132)
Carrying amount at end of year	25,003,227	22,141,635

Valuation

An independent valuation of the company's land and buildings at 32 Kitchener Parade was carried out as at 30 June 2015 on the basis of open market value for highest and best use of the subject property to be used as a high density residential development site resulting in a valuation of land and buildings of \$57,000,000.

An independent valuation of the company's land and buildings at Bass Hill was carried out as at 3 November 2010 on the basis of open market value for existing use resulting in a valuation of land and buildings of \$3,015,000.

An independent valuation of the company's land at 27A Marion Street was carried out as at 10 June 2014 on the basis of open market value on an 'as is' basis for use of the subject land to be used as a high density residential development site resulting in a valuation of the land of \$3,600,000.

An independent valuation of the company's land at 23-27 Marion Street was carried out as at 10 June 2014 on the basis of open market value on use of the subject land to be used as a high density residential development site resulting in a valuation of the land of \$6,000,000

As land and buildings are recorded at cost the valuation has not been brought to account. The Directors do not believe there has been a material movement in the fair value since the valuation date.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

6 Property, Plant and Equipment

	2016 \$	2015 \$
Leasehold improvements		
<i>At cost</i>	-	-
<i>Accumulated amortisation</i>	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Plant and equipment		
<i>At cost</i>	12,664,000	14,317,533
<i>Accumulated depreciation</i>	(7,970,555)	(9,105,182)
	<hr/>	<hr/>
	4,693,445	5,212,351
	<hr/>	<hr/>
Leased plant and equipment		
<i>At capitalised cost</i>	124,518	117,668
<i>Accumulated amortisation</i>	(87,997)	(76,747)
	<hr/>	<hr/>
	36,521	40,921
	<hr/>	<hr/>
Capital works in progress - <i>at cost</i>	4,315,555	1,223,741
	<hr/>	<hr/>
Total property, plant and equipment net book value	9,045,521	6,477,013
	<hr/>	<hr/>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

6 Property, Plant and Equipment (continued)

Reconciliations	2016 \$	2015 \$
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	-	1,627,200
Transfers to freehold land and buildings	-	(1,466,110)
Amortisation expense	-	(161,090)
	<hr/>	<hr/>
Carrying amount at end of year	-	-
	<hr/>	<hr/>
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	5,212,351	5,748,331
Additions	649,722	1,112,371
Disposals	(52,260)	-
Depreciation expense	(1,528,104)	(1,653,151)
Transfers from works in progress	411,736	4,800
	<hr/>	<hr/>
Carrying amount at end of year	4,693,445	5,212,351
	<hr/>	<hr/>
<b>Leased Plant and Equipment</b>		
Carrying amount at beginning of year	40,921	52,170
Amortisation expense	(4,400)	(11,249)
	<hr/>	<hr/>
Carrying amount at end of year	36,521	40,921
	<hr/>	<hr/>
<b>Capital Works in Progress</b>		
Carrying amount at beginning of year	1,223,741	2,948,746
Additions	3,503,550	1,227,495
Transfers to freehold land and buildings	-	(2,947,700)
Transfers to plant and equipment	(411,736)	(4,800)
	<hr/>	<hr/>
Carrying amount at end of year	4,315,555	1,223,741
	<hr/>	<hr/>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

6 Property, Plant and Equipment (continued)

**Core Properties held by the Club**

Bass Hill  
330-332 Hector Street  
Bass Hill NSW 2197

**Non-Core Properties held by the Club**

Bankstown  
32 Kitchener Parade  
Bankstown NSW 2200

Bankstown  
23-29 Marion Street  
Bankstown NSW 2200

Bankstown  
Cnr Marion and Meredith Streets  
Bankstown NSW 2200

Bass Hill  
Lower Level  
330-332 Hector Street  
Bass Hill NSW 2197

**Recognition and Measurement**

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3-15 years
Poker machines	3-5 years
Leased assets	3-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.



Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

6 Property, Plant and Equipment (continued)

**Significant judgements**

**(i) Impairment of Assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**(ii) Estimation of Useful Lives of Assets**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

	2016 \$	2015 \$
7 Investment Property		
Investment Property - at cost	-	2,930,000
Accumulated impairment losses	-	-
	<hr/>	<hr/>
	-	2,930,000
	<hr/>	<hr/>

**Movements in Carrying Amounts**

Movements in the carrying amounts for investment property between the beginning and the end of the current financial year are set out below:

**Investment Property**

Carrying amount at beginning of year	2,930,000	2,930,000
Impairment Loss	-	-
Transfer to freehold land	(2,930,000)	-
	<hr/>	<hr/>
Carrying amounts	-	2,930,000
	<hr/>	<hr/>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

7 Investment Property (continued)

	2016 \$	2015 \$
<b>Amounts recognised in profit and loss for investment property</b>		
Rent income	56,765	230,195
Direct operating expenses from property that generated rental income	(81,165)	(165,403)
	<u>(24,400)</u>	<u>64,792</u>

**Recognition and Measurement**

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the company.

8 Trade and Other Payables

**Current**

Trade payables	685,699	349,938
Goods and services tax payable	58,423	335,346
Non-trade payables and accrued expenses	1,128,673	1,071,276
	<u>1,872,795</u>	<u>1,756,560</u>

**Recognition and Measurement**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

9 Financial Liabilities

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	2016 \$	2015 \$
<b>Current Liabilities</b>		
Bank overdraft - secured	2,893,678	-
	<hr/>	<hr/>
Other financial liabilities - Sub Branch - secured	120,000	120,000
Commercial Bill Business Loan - Fixed - secured	960,000	960,000
	<hr/>	<hr/>
	1,080,000	1,080,000
	<hr/>	<hr/>
<b>Non-Current Liabilities</b>		
Other financial liabilities - Sub Branch - secured	2,120,000	2,240,000
Commercial Bill Business Loan - Fixed - secured	9,310,000	10,270,000
	<hr/>	<hr/>
	11,430,000	12,510,000
	<hr/>	<hr/>
<b>Financing Facilities</b>		
The company has access to the following lines of credit:		
<i>Total facilities available</i>		
Bank overdraft	2,800,000	500,000
Commercial Bill Business Loan - Fixed	10,270,000	11,350,000
	<hr/>	<hr/>
	13,070,000	11,850,000
	<hr/>	<hr/>
<i>Facilities utilised at reporting date</i>		
Bank overdraft	2,800,000	-
Commercial Bill Business Loan - Fixed	10,270,000	11,350,000
	<hr/>	<hr/>
	13,070,000	11,350,000
	<hr/>	<hr/>
<i>Facilities not utilised at reporting date</i>		
Bank overdraft	-	500,000
Commercial Bill Business Loan - Fixed	-	-
	<hr/>	<hr/>
	-	500,000
	<hr/>	<hr/>

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

9 Financial Liabilities (continued)

**Recognition and Measurement**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

**Financing Arrangements**

**Commercial bill business loan**

The commercial bill business loan is denominated in Australian dollars. The amount in current liabilities comprises the company's commercial bill business loan payable within one year and the amount in non-current liabilities comprises the company's commercial bill business loan payable within two to five years.

**Vendor loan - Sub-branch**

The vendor loan is denominated in Australian dollars. The amount in current liabilities comprises the company's vendor loan payable within one year and the amount in non-current liabilities comprises the company's vendor loan payable within two to five years.

**Bank overdraft**

The bank overdraft is denominated in Australian dollars. The bank overdraft is payable on demand and is subject to annual review. Interest on bank overdraft is charged at prevailing market rates.

**Security**

The bank facilities are secured by a registered first mortgage over certain properties of the company;

- a) Mortgage (held) by Bankstown RSL Club Limited
- b) Cnr Marion and Meredith Streets, Bankstown NSW 2200
- c) 23-29 Marion Street, Bankstown NSW 2200
- d) 330-332 Hector Street, Bass Hill NSW 2197
- e) 32 Kitchener Parade, Bankstown NSW 2200
- f) Fixed and floating charge over all existing and future assets and undertakings of the company

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

9 Financial Liabilities (continued)

Security (continued)

The vendor loan- sub-branch facilities are secured by a registered second mortgage over certain properties of the company;

- a) Mortgage (held) by Bankstown RSL Club Limited
- b) Fixed and floating charge over all existing and future assets and undertakings of the company

	2016 \$	2015 \$
10 Employee Benefits		
Current	723,953	796,601
Non-current	48,601	30,591
Aggregate liability for employee benefits including on-costs	724,940	827,192

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate	1.30%	2.30%
Discount rate	2.46%	2.81%

**Recognition and Measurement**

**Wages and Salaries and Annual Leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**Long Service Leave**

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Bankstown RSL Club Limited  
 Notes to the Financial Statements  
 For the Year Ended 31 December 2016

10 Employee benefits (continued)

Recognition and Measurement (continued)

Superannuation Plan

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

The company is under a legal obligation to contribute 9.50% (2015: 9.50%) of each employee’s base salary to a superannuation fund.

Significant judgements

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2016 \$	2015 \$
<b>11 Other Liabilities</b>		
<b>Current</b>		
Income received in advance	239,080	150,764
Deposit received in relation to call and put option	-	1,500,000
	239,080	1,650,764
	239,080	1,650,764

12 Mutuality Principle

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

13 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Messrs B I Pawley  
B C Hilton  
J R Player  
M Stone  
E T Jordan  
E A Garland  
K Asfour (appointed 25 August 2016)

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
S Dickson	Chief Executive Officer
K Hodge	Chief Operations Manager

(c) Key Management Personnel Compensation

	2016 \$	2015 \$
Benefits and payments made to the Directors and Other Key Management Personnel	640,963	591,318

14 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 13.

Transactions with Related Parties

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

## 15 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2016 there were 35,081 members.

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

The registered office of the company is 32 Kitchener Parade, Bankstown NSW 2200.

## 16 Events Subsequent to Reporting Date

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## 17 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for not-for-profit orientated entities.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The financial report is presented in Australian dollars, which is the company's functional and presentation currency.

The company is a not-for-profit company for the purpose of preparing these financial statements, which means that in preparing the financial report, the company has applied the exemptions available for not-for-profit entities.

The financial report was authorised for issue on 3<sup>rd</sup> February 2017, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

### Historical Cost Convention

The financial statements have been prepared under the historical cost convention.



Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

17 Summary of Significant Accounting Policies (continued)

**New, Revised or Amending Accounting Standards and Interpretations Adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and interpretations are most relevant to the company:

- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

**(b) Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**(c) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

**(d) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Bankstown RSL Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2016

17 Summary of Significant Accounting Policies (continued)

(e) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.