

W LISMORE
WORKERS

GROUP OF CLUBS

Annual Report 2017

Board of Directors



Richard Mackney
President



Ian Harmon
Vice-President



Barry Lampard
Treasurer



Valda Stanford
Director



Peter Walker
Director



Max Thompson
Director



Peter Warren
Director



Bernie MacDonald
Director



Kevin Keevers
Director

President's Report

We, as everyone else in the area, were almost overwhelmed by the March flood event. The year had been full of good news stories with the renovations downstairs at the main club completed and fully operational, supported and appreciated by all. Trading was on track for a great year, which is always good news.

Sadly, March 31st changed a lot of things. However due to the amazing efforts of a small band of board, staff and volunteers (who were club bound for 3 days), much of the downstairs stock and equipment were raised and saved from inundation on the ground floor.

This action allowed for the partial re-opening of downstairs with a 'pop-up' bar and some limited facilities only a few weeks after the flood.

Our thanks to all the crew and the builders for moving so quickly on the temporary re-opening.

As I write, the rest of the downstairs re-build is receiving final fit-out and it is hoped it will be fully completed for opening, by late August or early September. This timing should fit nicely for the 2017 Lismore Workers Club Masters Games.

While the main club has been while recovering, the 'Golfies' and 'Sporties' have continued as a vital part of the Workers group. Proudly, we acknowledge how well members have supported both venues while the main club was rebuilding.

We would like to thank You – our valued patrons and staff for your patience and support over this trying period. We look forward to great things ahead together!

Our AGM is a week earlier this year to accommodate the Masters Games calendar. This is a non-election year in the 2 year cycle, but we hope you still come along on Sunday 17th September and participate in the meeting.

We are looking forward to getting our club back to its thriving self – the centre for entertainment and family dining.

Hope to see you soon at one of our great venues.

Richard Mackney
President

General Manager's Report

Welcome to the 2016/17 annual report. In the previous 2015/16 report, we informed the members on the near completion of a two-year refurbishment program to the ground floor of the club in Keen Street. Now we are in the process of rebuilding the entire floor after the destructive floods in March 2017. Walking through the ground floor after the flood waters receded, one would be forgiven for thinking I had stepped into another world – certainly an upsetting moment to say the very least. However, we have moved on and the restoration commenced immediately.

Compared to last year's highest profit in the history of the club, the group recorded somewhat a lower result this financial year. The club has certainly undergone significant changes in just a year. We were fortunate that the club had insurance and the remake has not impacted on the cashflow. The most important aftermath occurrence to emerge was the way the members continued to patronise our other clubs in the group during the six-week closure of the ground level. Hence the significant increase in profitability at the Sports Club was due to the revenue fall at the Keen street premises.

A highpoint for the year was that the club preserved giving back to the community through donations and support – no matter one's age, gender, ethnicity, religion or socio-economic background, the club facilitated a sense of belonging and promoted giving back to the community. A strong community focus has always been part of the club's DNA.

In addition, the Club has revamped the members loyalty program. The upgrade has "wager exchange" and brings the latest solution for bonus point usage. "Wager exchange" allows members to convert bonus points to gaming credits, making bonus points more valuable to members. Our loyalty program has the three top preferred benefits: 1. immediate price discounts 2. redeemable points and 3. cash-based rewards. Members, I urge you to use your membership card whenever you visit our group of clubs and earn rewards to gain access to exclusive member benefits. You don't even have to be a member to gain benefits – our mobile app has rewards you can earn without spending a cent.

What are the concerns facing the club as we recover? Rather than centring on last year's events, our emphasis now is on what strategies can be adopted to build a stronger club with clear direction for the future. One that comes to mind is building trust with our members. We look forward to seeing you at the club and enjoying our new facilities.

General Manager's Report

Trading was slightly down from last year, you will see that flood interruption which has distorted the KPI's in the cost centres and also in revenue and expenses. Flood "business interruption" refund for recovery is shown separately in the report. The Golf club profitability was down this year – predominantly because a considerable amount of money was spent on the construction of the course and the Sports club was up because of the shift of trading from the main club during the flood closure.

Elsewhere in this financial report, you will find that expenses have been controlled and members benefits (free drinks, discounted food, loyalty points, raffles and members cash draws) continue to dominate the landscape. Wages were the same throughout the entire group which means we are keeping increasing wage costs controlled. There's so much happening within the Workers group and I'm happy to say I am excited and can't wait to see the ground floor restored with new/modern facilities.

A huge thankyou to our staff and members who supported us throughout our troubled times. The board and management have also been a great encouragement and I look forward to building a relationship to move into the future. We have people on management/board from a myriad of fields and different age groups, all having distinctive experiences and skills to share.

Stephen M Bortolin

Group General Manager

7th August 2017

The Lismore & District Workers Club Limited

ABN 72 000 919 406

Financial Statements

For the Year Ended 30 June 2017

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Directors' Report – 30 June 2017

Your directors present their report on the company for the financial year ended 30 June 2017.

1. General information

Directors

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

Names	Position	Appointed/Resigned
R J Mackney	President	
I T Harmon	Vice President	
B G Lampard	Treasurer	
B J Crimmins		Resigned 25/09/2016
V F Stanford		
P A Warren		
B MacDonald		
M T Thompson		
K Keevers		
P Walker		Appointed 25/09/2016

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

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Stephen M Bortolin.

Mr Bortolin was appointed company secretary on 27 November 2002.

Objectives

The long and short term objectives of The Lismore & District Workers Club Limited are to ensure that the company's financial position remains sound in both the short and long term so that members and patrons can enjoy their club for years to come.

Directors' Report

Strategy

The strategy that the company employs to achieve those objectives is to:

- (i) carefully monitor income and expenditure to improve operating profit;
- (ii) introduce new ideas that will attract more people to the club to improve income streams;
- (iii) promote the above objectives at every opportunity; and

look at commercial opportunities that will improve the company's asset base and provide additional income on a long term basis for the company.

Principal Activities

The principal activities of The Lismore & District Workers Club Limited during the financial year were the promotion of the interests of workers in the Lismore District, the promotion of social and political intercourse amongst members and the community, the provision for members and for members' guests of a social and sporting club, and to promote and conduct sporting games, social activities, amusements and entertainments, pastimes and recreations as the company deem expedient.

Achieving Entity's Objectives

The principal activities assisted in achieving the company's objectives are by providing the best facilities and by continually looking at ways to attract participants in the social and sporting activities. This has provided the company with an excellent source of income so the company continues to make improvements and remain viable into the future. The company has to ensure that it continues to provide a quality venue for members and visitors to enjoy socially and has promoted its facilities to sporting organisations and visitors in the Lismore district.

Measurement of Performance

The Lismore & District Workers Club Limited measures its performance by profit and patron satisfaction. Performance is also measured against budget forecasts. Key performance indicators used by the company in monitoring performance include review of gross profit, profit to turnover and profit to income percentages.

Directors' Report

Information on Directors

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

R J Mackney

Qualifications	Retired Civil Contractor
Experience	Board Member 11 years, President 9 years
Special responsibilities	President

I T Harmon

Qualifications	Retired Police Officer
Experience	Board Member 10 years, Vice President 3 years
Special responsibilities	Vice President

B G Lampard

Qualifications	Retired Company Manager
Experience	Board Member 14 years, Treasurer 5 years
Special responsibilities	Treasurer

B J Crimmins

Qualifications	Retired Club General Manager
Experience	Board Member 9 years, Previous Vice President 5 years

V F Stanford

Qualifications	Legal Secretary
Experience	Board Member 7 years, Previous Vice President 2 years

P A Warren

Qualifications	Retired Bank Manager
Experience	Board Member 5 years

B MacDonald

Qualifications	Teacher
Experience	Board Member 5 years

M T Thompson

Qualifications	Retired Builder
Experience	Board Member 5 years, Previous Board Member 33 years, Previous President 18 years

K Keevers

Qualifications	Accountant
Experience	Board Member 3 years

P Walker

Qualifications	Retired Club Manager
Experience	Board Member 1 year

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

Directors' Report

Summary of Performance

	Main Club \$	Golf Club \$	Sports Club \$	2017 Total \$	2016 Total \$
Gross Revenue	15,120,578	1,207,998	3,417,270	19,745,846	17,197,591
Expenses	(14,312,253)	(1,284,626)	(2,916,200)	(18,513,079)	(15,425,092)
Operating Profit/(Loss)	808,325	(76,628)	501,070	1,232,767	1,772,499

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company during the year.

Future Developments, Prospects and Business Strategies

There are no planned changes in the operations of the company which will significantly affect the results of the operations in financial years subsequent to the financial year.

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2017 has been received and can be found on page 18 of the financial report.

Directors Benefits

No directors have a financial interest in any contract or proposed contract with the company.

In accordance with Chapter 2E of the Corporations Act, Since the end of the previous financial year, except for minor services rendered in the ordinary course of business, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or receivable by directors shown in the notes to the financial statements or the fixed salary of a fulltime employee of the company) by reason of a contract made by the company or a related corporation with the director or with a firm of which they are a member or with a company in which they have a substantial financial interest.

Directors' Report

2. Director Information

Meetings of Directors

During the financial year, 12 ordinary and 1 special meeting of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R J Mackney	12	12	1	1
I T Harmon	12	10	1	1
B G Lampard	12	11	1	1
B J Crimmins	4	4	1	1
V F Stanford	12	12	1	1
P A Warren	12	9	1	–
B MacDonald	12	11	1	1
M T Thompson	12	12	1	1
K Keevers	12	10	1	–
P Walker	8	8	–	–

3. Indemnification and Insurance of Officers and Auditors

Indemnification

The company has not, during or since the end of the financial year, for any person who is or has been an officer or auditor of The Lismore & District Workers Club Limited:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor including costs and expenses in successfully defending legal proceedings; or

Directors' Report

- Paid or agreed to pay a premium in respect of a contract insuring against liability incurred as an officer or auditor for costs or expenses to defend legal proceedings with the exception of insurance premiums paid below.

Insurance premiums paid for directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in a the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$4,473

4. Proceedings on Behalf of Company

No leave or proceedings

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

5. After Balance Day Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

6. Membership Liability

The company is limited by guarantee without share capital. The number of members as at 30 June 2017 is 12,154 (2016: 12,848).

If the company is wound up, the constitution states that each member of the company is liable to contribute a maximum of \$2 each towards meeting any outstanding liabilities of the company. At 30 June 2017 the maximum total amount that members of the company would be liable to contribute if the company is wound up is \$24,308.

Directors' Report

7. Real Property

All real property as defined by the section 41J of the *Registered Club Act (NSW) 1976* owned or occupied by The Lismore & District Workers Club Limited is core property. The company does not have any non core property.

8. Environmental Issues

The company's operations are subject to various environmental regulations under both Commonwealth and State Legislation.

The board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

9. Dividends Paid or Recommended

The constitution of the company prohibits the distribution of profits to its members. Accordingly, no dividend or distributions were or could be paid to the members.

Signed in accordance with a resolution of the Board of Directors:

Director: R J Mackney

Director: I T Harmon

Dated 7 August 2017

Independent Audit Report

to the members of The Lismore & District Workers Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Lismore & District Workers Club Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards Reduced Disclosure Requirements 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 auditor independence requirements of 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.

Independent Audit Report

to the members of The Lismore & District Workers Club Limited

Responsibilities of 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 – 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 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 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 have 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 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Audit Report

to the members of The Lismore & District Workers Club Limited

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Audit Report

to the members of The Lismore & District Workers Club Limited

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WCA Audit & Assurance Services Pty Ltd
Authorised Audit Company #419313

Graham J Smith – Director

158 Molesworth Street
LISMORE NSW 2480

7 August 2017

Auditors Independence Declaration

Under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, 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.

WCA Audit and Assurance Services Pty Ltd
Authorised Audit Company #419313

Graham J Smith – Director

158 Molesworth Street
LISMORE NSW 2480

7 August 2017

Directors' Declaration

In accordance with a resolution of the directors of The Lismore & District Workers 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 Accounting Standards – Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company.
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.

Director: R J Mackney

Director: I T Harmon

Dated 7 August 2017

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	4	19,751,018	17,051,619
Other income		–	145,971
Cost of goods sold		(2,337,816)	(2,371,616)
Employee benefits expense		(5,021,274)	(4,997,162)
Depreciation and amortisation expense		(1,542,202)	(1,455,341)
Loss on disposal of assets		(3,382,457)	–
Other expenses		(6,234,283)	(6,599,290)
Finance costs		(219)	(1,682)
Profit/(Loss) before income tax		1,232,767	1,772,499
Income tax expense	6	–	–
Profit/(Loss) from continuing operations		1,232,767	1,772,499
Profit/(Loss) for the year		1,232,767	1,772,499
Other comprehensive income, net of income tax		–	–
Total comprehensive income for the year		1,232,767	1,772,499

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,617,720	2,003,966
Trade and other receivables	8	3,611,985	46,894
Inventories	9	248,278	287,171
Other assets	11	63,562	62,203
TOTAL CURRENT ASSETS		5,541,545	2,400,234
NON CURRENT ASSETS			
Property, plant and equipment	10	17,202,781	19,210,210
TOTAL NON CURRENT ASSETS		17,202,781	19,210,210
TOTAL ASSETS		22,744,326	21,610,444
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,057,280	1,168,798
Borrowings	13	–	6,666
Provisions	14	810,796	808,461
Other liabilities	15	49,193	25,340
TOTAL CURRENT LIABILITIES		1,917,269	2,009,265
NON CURRENT LIABILITIES			
Provisions	14	95,673	78,709
Other liabilities	15	394,285	418,138
TOTAL NON CURRENT LIABILITIES		489,958	496,847
TOTAL LIABILITIES		2,407,227	2,506,112
NET ASSETS		20,337,099	19,104,332
EQUITY			
Retained earnings		20,337,099	19,104,332
TOTAL EQUITY		20,337,099	19,104,332

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2017

2017	Retained Earnings \$	Total \$
Balance at 1 July 2016	19,104,332	19,104,332
Profit/(loss) attributable to members	1,232,767	1,232,767
Transactions with owners in their capacity as owners		
Balance at 30 June 2017	20,337,099	20,337,099

2016	Retained Earnings \$	Total \$
Balance at 1 July 2015	17,331,833	17,331,833
Profit/(loss) attributable to members	1,772,499	1,772,499
Transactions with owners in their capacity as owners		
Balance at 30 June 2016	19,104,332	19,104,332

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash from operating activities:			
Receipts from customers		17,674,671	18,638,498
Payments to suppliers and employees		(15,139,860)	(15,762,231)
Interest received		22,282	40,081
Finance costs		(219)	(1,682)
Net cash provided by (used in) operating activities		2,556,874	2,914,666
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		76,950	178,910
Purchase of property, plant and equipment		(3,013,404)	(3,206,082)
Net cash used by investing activities		(2,936,454)	(3,027,172)
Cash flows from financing activities:			
Repayment of borrowings		(6,666)	(47,699)
Net cash used by financing activities		(6,666)	(47,699)
Net cash increase (decreases) in cash and cash equivalents		(386,246)	(160,205)
Cash and cash equivalents at beginning of year		2,003,966	2,164,171
Cash and cash equivalents at end of year	7	1,617,720	2,003,966

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2017

The financial statements are for The Lismore & District Workers Club Limited as an individual entity. The Lismore & District Workers Club Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 07 August 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a 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. They have been consistently applied unless otherwise stated.

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

2 Summary of Significant Accounting Policies

(a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are stated inclusive of GST.

Notes to the Financial Statements

Cash flows are presented 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.

(b) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue recognition relating to the provision of services is recognised upon delivery of the service to the customers.

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

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Notes to the Financial Statements

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

(e) Inventories

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

(f) Property, plant and equipment

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

Property

Freehold land and buildings are measured on a cost basis, less subsequent depreciation charges for buildings.

Plant and equipment

Plant and equipment are measured using the at cost or deemed cost, less accumulated depreciation/amortisation and impairment losses.

Plant and equipment – impairment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in the excess of the recoverable amount from the assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discontinued to their present values in determining recoverable amounts.

In assessing value in use, the company has used depreciated replacement cost since the company is a not for profit entity where the future economic benefits of its assets are not primarily dependent on the assets ability to generate net cash inflows and the company would, if deprived of the asset, replace its remaining future economic benefits.

Notes to the Financial Statements

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Company commencing the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or their estimated useful life of the improvement.

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

Class of fixed asset	Depreciation rate
Land and Buildings at cost	1.5% – 2.5%
Plant and Equipment	5.0% – 20.0%
Leased plant and equipment	15.0% – 33.3%
Motor Vehicles at cost	10.0% – 30.0%
Poker machines at cost	10.0% – 20.0%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit and loss.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Notes to the Financial Statements

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available for sale financial assets; and
- held to maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Notes to the Financial Statements

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case by case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future

Notes to the Financial Statements

- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held to maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held to maturity if it is the intention of the Company's management to hold them until maturity.

Held to maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available for sale financial assets

Available for sale financial assets are non derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available for sale financial assets comprise listed securities.

Notes to the Financial Statements

All available for sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available for sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying

Notes to the Financial Statements

amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available for sale financial assets

A significant or prolonged decline in value of an available for sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) Impairment of non financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(j) Finance costs

Finance cost includes all interest related expenses, other than those arising from financial assets at fair value through profit or loss.

(k) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(m) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Notes to the Financial Statements

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Key estimates – other liabilities

Following closure of the Mortality Fund to new entrants in January 2011, the company engaged the services of an actuary to determine the future quantum of the company's liability to the members of the Mortality Fund. The company will continue to have its future liability to provide mortality benefits to members of the Mortality Fund referenced to an actuarial determination.

Notes to the Financial Statements

4 Revenue and Other Income

	2017 \$	2016 \$
Sales revenue		
Sale of goods	5,235,637	5,532,402
Poker machine revenue	8,957,163	9,911,816
Other gaming and promotions	572,547	614,926
Interest received	22,282	40,081
member subscriptions	358,558	365,060
Other revenue	4,604,831	587,335
	19,751,018	17,051,620
Total Revenue	19,751,018	17,051,620
Other Income		
net gain on disposal of property, plant and equipment	–	145,971

5 Expenses

(a) The result for the year includes the following specific expenses

	2017 \$	2016 \$
Cost of sales	2,337,816	2,371,616
Other expenses:		
Depreciation of property, plant and equipment	1,542,202	1,455,341
Other finance costs	219	1,682
Entertainment expenses and promotion	1,101,686	1,188,740
Other sale of goods expenses	256,351	249,205
Other gaming expenses	2,145,560	2,319,477
Repairs and maintenance	356,174	441,868
Electricity	500,612	447,055
Salaries and wages	4,442,523	4,379,521
Superannuation contributions	503,430	509,698
Provision for employee entitlements	19,053	41,671
Members mortality benefit increment	–	(25,745)
Net loss on disposal of property, plant and equipment	3,382,457	–

Notes to the Financial Statements

6 Income tax expense

- (a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2017 \$	2016 \$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	369,830	531,750
Add:		
Tax effect of:		
	<u>369,830</u>	<u>531,750</u>
Less:		
Tax effect of:		
- non-taxable member income, non-deductible expenses and member related expenses	257,005	512,602
- Recoupment of prior year tax losses not previously brought to account	112,825	19,148
Income tax attributable to entity	<u>-</u>	<u>-</u>

7 Cash and cash equivalents

	2017 \$	2016 \$
Cash on hand	300,498	334,698
Bank balances	1,317,222	669,268
Short-term deposits	-	1,000,000
	<u>1,617,720</u>	<u>2,003,966</u>

8 Trade and other receivables

	2017 \$	2016 \$
CURRENT		
Trade receivables	42,566	7,852
Other receivables	3,569,419	39,042
	<u>3,611,985</u>	<u>46,894</u>

Notes to the Financial Statements

9 Inventories

	2017 \$	2016 \$
CURRENT		
Stock on Hand	248,278	287,171
	<u>248,278</u>	<u>287,171</u>

10 Property plant and equipment

	2017 \$	2016 \$
LAND AND BUILDINGS		
Land and Buildings at cost	21,216,695	24,321,884
Accumulated depreciation	(9,023,903)	(9,770,003)
Total land and buildings	<u>12,192,792</u>	<u>14,551,881</u>
PLANT AND EQUIPMENT		
Plant and Equipment at cost	3,978,723	8,123,428
Accumulated depreciation	(2,060,526)	(6,349,559)
Total plant and equipment	<u>1,918,197</u>	<u>1,773,869</u>
Capitalised Leased Assets at cost	242,858	256,729
Accumulated depreciation	(242,858)	(238,331)
Total leased plant and equipment	<u>–</u>	<u>18,398</u>
Motor Vehicles at cost	43,930	43,930
Accumulated depreciation	(33,728)	(32,233)
Total motor vehicles	<u>10,202</u>	<u>11,697</u>
Poker Machines at cost	7,696,380	7,086,580
Accumulated depreciation	(4,614,790)	(4,232,215)
Total poker machines	<u>3,081,590</u>	<u>2,854,365</u>
Total plant and equipment	<u>5,009,989</u>	<u>4,658,329</u>
Total property, plant and equipment	<u>17,202,781</u>	<u>19,210,210</u>

Notes to the Financial Statements

(a) Movements in Carrying Amounts

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

	Land and Buildings at cost \$	Plant and Equipment at cost \$	Capitalised leased assets \$	Motor Vehicles at cost \$	Poker machines at cost \$	Total \$
Year ended 30 June 2017						
Balance at the beginning of year	14,551,882	1,773,869	18,398	11,696	2,854,364	19,210,209
Additions	1,428,069	527,579	–	–	1,057,757	3,013,405
Proceeds from disposal	–	–	–	–	(76,950)	(76,950)
Profit/(loss) on disposal	(3,381,260)	(4,664)	–	–	2,639	(3,383,285)
Depreciation expense	(405,899)	(378,588)	(18,398)	(1,494)	(756,220)	(1,560,599)
Balance at the end of the year	12,192,792	1,918,196	–	10,202	3,081,590	17,202,780

11 Other Assets

	2017 \$	2016 \$
CURRENT		
Prepayments	63,562	62,203

12 Trade and other payables

	2017 \$	2016 \$
Current		
Trade payables	505,761	590,961
Sundry payables and accrued expenses	349,414	375,316
Amounts received in advance	181,705	173,617
Sports Trust Account	20,397	28,904
	<u>1,057,277</u>	<u>1,168,798</u>

Notes to the Financial Statements

13 Borrowings

	2017 \$	2016 \$
CURRENT		
Unsecured liabilities:		
– Borrowings	–	6,666
Total current borrowings	–	6,666

(a) The carrying amounts of non current assets pledged as collateral for liabilities are:

The company has a bank loan facility of \$500,000 (2016 \$500,000). The company's bankers hold a registered mortgage over the company's premises at 225–231 Keen Street, Lismore and a registered equitable mortgage over the whole of the company's assets and undertakings.

14 Provisions

	2017 \$	2016 \$
CURRENT		
Employee benefits	781,196	779,107
Unclaimed loyalty points	29,600	29,354
	810,796	808,461
NON-CURRENT		
Employee benefits	95,673	78,709
	95,673	78,709

	Short-term Employee benefits \$	Long-term Employee Benefits \$	Unclaimed Loyalty Points \$	Total \$
Opening balance at 1 July 2016	779,106	78,709	29,354	887,169
Additional provisions	275,153	16,964	55,356	347,473
Provisions used	(273,063)	–	(55,110)	(328,173)
Balance at 30 June 2017	781,196	95,673	29,600	906,469

Notes to the Financial Statements

15 Other Liabilities

	2017	2016
	\$	\$
CURRENT		
Members mortality scheme	49,193	25,340
	<u>49,193</u>	<u>25,340</u>
NON-CURRENT		
Members mortality scheme	394,285	418,138
	<u>394,285</u>	<u>418,138</u>

16 Capital and Leasing Commitments (a) Finance Lease Commitments

	2017	2016
	\$	\$
Payable – minimum lease payments:		
– no later than 12 months	–	6,791
– between one year and five years	–	–
Minimum lease payments	<u>–</u>	<u>6,791</u>
Less future finance changes	<u>–</u>	<u>(125)</u>
Minimum lease payments	<u>–</u>	<u>6,666</u>

The finance leases consist of:

Fairway Mower - 4 year lease expired September 2016.

(b) Operating Lease Commitments

	2017	2016
	\$	\$
Payable – minimum lease payments		
– not later than one year	57,400	66,923
– between one year and five years	93,648	103,137
– greater than five years	1,075,613	1,123,121
	<u>1,226,661</u>	<u>1,293,181</u>

The operating leases relate to land at the Sports Club, Golf Course, Bowling Club greens and some grounds machinery at the Golf Club.

Notes to the Financial Statements

17 Key Management Personnel Remuneration

The total compensation paid to key management personnel is as follows:

	2017	2016
	\$	\$
Directors	37,669	41,484
Other Key Management Personnel	369,493	355,188
	407,162	396,672

The total remuneration paid to key management personnel of the Company is \$407,162 (2016: \$396,672).

18 Related Party Transactions

(a) Directors

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

R J Mackney
 I T Harmon
 B G Lampard
 B J Crimmins
 V F Stanford
 P A Warren
 B MacDonald
 M T Thompson
 K Keevers
 P Walker

From time to time the directors of the company, or director related entities may purchase/supply goods or services from/to the company. These purchases/supplies are on the same terms and conditions as those entered into by other company employees, members, customers or suppliers.

Notes to the Financial Statements

19 Financial Risk Management

Financial Risk

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts and leases.

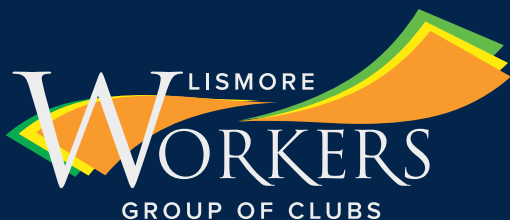
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2017	2016
	\$	\$
Cash and cash equivalents	1,617,720	2,003,966
Trade and other receivables	3,611,985	46,893
Total financial assets	5,229,705	2,050,859
Trade and other payables	1,057,277	1,168,796
Lease liability	–	6,666
Total financial liabilities	1,057,277	1,175,462

20 Events after the end of the reporting period

The financial report was authorised for issue on 07 August 2017 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



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