

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Financial Statements

For the Year Ended 31 January 2017

**The Family Friendly Club**

Contact us 65681344  
[www.macksvilleexservices.com.au](http://www.macksvilleexservices.com.au)  
[info@mesc.net.au](mailto:info@mesc.net.au)



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Contents**

**For the Year Ended 31 January 2017**

	<b>Page</b>
<b>Financial Statements</b>	
Directors' Report	1
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	21
Independent Audit Report	22

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Directors' Report

31 January 2017

### Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Provide the best possible facilities to members.
- Provide entertainment and activities to attract patronage to the Club.
- Offer quality meals and beverages.
- Annual development of a financial budget and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities.

### How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by providing reasonably priced food and beverages, entertainment, responsible approved gambling including TAB, Keno and Poker Machines, and meeting venues as required.

### Performance measures

The following measures are used within the Company to monitor performance:

- Monitoring performance, by comparing actual results to past performance.
- Reviewing key performance indicators such as gross profit margins, wages to turnover ratios, net returns from trading and average return per poker machine.

### Members guarantee

Macksville District Ex-Servicemen's Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up is limited to \$ 1, subject to the provisions of the company's constitution.

At 31 January 2017 the collective liability of members was \$2,930 (2016: \$ 2,960).

### Property Classification

Members are advised that in accordance with section 41J (2) of the Registered Clubs Act, the Board has determined the property classification as follows: -

#### "Core" Property – 16 Cooper Street Macksville

Lots 2-3	Section C in DP6045	Club House and Grounds
Lot 4	Section C in DP6045	Club House and Grounds
Lots 4-5	in DP23202	Car Park

#### "Non-Core" Property

Lots 2-3	in DP2302	29 Princess Street
Lots 5-9	Section C in DP6045	18-22 Cooper Street
Lot 11	Section C in DP6045	18-22 Cooper Street
Lot 12	in DP55012	18-22 Cooper Street

### Notes to Members on Property Classification

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
2. Core property is any real property owned or occupied by the Club that comprises:
  - (a) the defined premises of the Club; or
  - (b) any facility provided by the Club for use of its members and their guests; or
  - (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
3. Non-core property is any other property (other than that referred to above as core property) and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Directors' Report

31 January 2017

Your directors present their report on Macksville District Ex-Servicemen's Club Ltd for the financial year ended 31 January 2017.

#### Directors

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

<b>Names</b>	<b>Qualifications/ Experience</b>	<b>Appointed/Resigned</b>
Robert J. Laird	Retired / Chairman, Vice Chairman & Previous Director	Full Period
Kenneth W. Walker	Retired/ Vice Chairman & Previous Director	Full Period
Trevor Ledger	Business Owner/ Director & Previous Director	Full Period
Ian Flarrey	Business Owner/ Director	Full Period
Neville Dykes	Business Owner/ Director	Full Period
Petah Russell	Manager/Director	Full Period
Jason Borthwick	Food Sales Representative/ Director & Previous Director	Full Period

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

#### Principal activities

The principal activities of Macksville District Ex-Servicemen's Club Ltd during the financial year were the conduct of a Registered Licensed Club.

No significant changes in the nature of the entity's activity occurred during the financial year.

The objectives of the club are to operate in a responsible and financially sensible manner with the aim to continue to provide all our members and our local community with a venue to meet their needs. The Macksville Ex-Services Club continues to support the Macksville RSL Sub Branch in their work with serving and ex-service men and women and their families.

#### Short term objectives

The Company's short term objectives are to:

- Provide a place of enjoyment for all members by continuing the standard of entertainment now provided.
- Continue to offer members the promotions currently introduced and to welcome new members to our Club.
- Support local individuals and groups – educational, sporting & community.

#### Long term objectives

The Company's long term objectives are to:

- Continue to provide an up to date club with facilities to meet members' needs.
- Maintain financial stability of the club.
- Repay the debt incurred in modernising the Club premises.



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Directors' Report**

**31 January 2017**

**Property Classification**

- 4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
  - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
  - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval;
  - (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
  
- 5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above, amongst other things, do not apply to:
  - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer; or
  - Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.
  
- 6. Non-core property is not subject to the limitations referred to in paragraph 4 and 5 above and can be disposed of without the Club having to follow the procedure referred to in paragraph 4 above.

**Meetings of directors**


During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert J. Laird	12	10
Kenneth W. Walker	12	12
Ian Flarrey	12	11
Trevor Ledger	12	11
Neville Dykes	12	12
Petah Russell	12	7
Jason Borthwick	12	12

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 January 2017 has been received and can be found on page 4 of the financial report.

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

Director: .....  
  
 Robert J. Laird

Director: .....  
  
 Kenneth W. Walker

Dated 22 May 2017

**Macksville District Ex- Servicemen's Club Limited**  
16 Cooper Street,  
Macksville, NSW 2448

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

**To the Directors of Macksville District Ex-Servicemen's Club Ltd**

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

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

HLV AUDIT PTY LTD



Aart Hooykaas  
Director

22 May 2017

Macksville, NSW

**MACKSVILLE**

18 Wallace Street,  
PO Box 27  
MACKSVILLE NSW 2447

P 02 6568 3000  
F 02 6568 1600  
E [macksville@hlv.com.au](mailto:macksville@hlv.com.au)

**NAMBUCCA HEADS**

7 Mann Street,  
PO Box 8  
NAMBUCCA HEADS NSW 2448

P 02 6568 6197  
F 02 6568 7144  
E [nambucca@hlv.com.au](mailto:nambucca@hlv.com.au)

**URUNGA**

15 Bonville Street,  
URUNGA NSW 2455

P 02 6655 5530  
F 02 6655 5530  
E [urunga@hlv.com.au](mailto:urunga@hlv.com.au)

**HLV AUDIT PTY LTD**

ABN 70 606 296 431  
AAC 478051

W [www.hlv.com.au](http://www.hlv.com.au)

Liability limited by a Scheme approved  
under Professional Standards Legislation.

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 January 2017

	2017	2016
	\$	\$
	Note	
Poker Machine Revenue	1,767,487	1,655,825
Bar Sales	585,031	578,853
Bistro Sales	848,218	818,091
Meals on Wheels	127,127	74,755
Commission	88,458	79,093
Entertainment & Promotions	122,918	126,990
Membership Subscriptions	13,287	12,691
Rental Income from Investment Property	45,888	45,569
Bank Interest	855	3,139
Insurance Recoveries	19,387	-
Other income	31,518	47,002
<b>Total Income</b>	<u>3,650,174</u>	<u>3,442,008</u>
Cost of goods sold	(772,519)	(652,995)
Employee benefits expense	(1,328,070)	(1,325,325)
Depreciation and amortisation expense	(261,304)	(225,857)
Repairs & Maintenance	(94,260)	(94,321)
Entertainment & Promotions	(265,457)	(285,805)
Loss on disposal of assets	(5,372)	(1,116)
Finance costs	(49,993)	(48,227)
Poker Machine Duty	(249,148)	(225,118)
Loss from theft	(16,519)	-
Other operating expenses	(564,097)	(552,581)
<b>Total Expenses</b>	<u>(3,606,739)</u>	<u>(3,411,345)</u>
<b>Profit before income tax</b>	43,435	30,663
Income tax (expense)/ benefit	1(k) -	-
<b>Profit from continuing operations</b>	43,435	30,663
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>43,435</u>	<u>30,663</u>

The accompanying notes form part of these financial statements.



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Statement of Financial Position****31 January 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	207,164	263,111
Trade and other receivables	3	32,983	18,795
Inventories	4	44,541	44,357
Other assets	8	21,129	19,541
<b>TOTAL CURRENT ASSETS</b>		<b>305,817</b>	<b>345,804</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		160	160
Property, plant and equipment	5	2,229,885	2,209,561
Investment property	6	439,050	445,174
Intangible assets	7	151,065	151,065
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,820,160</b>	<b>2,805,960</b>
<b>TOTAL ASSETS</b>		<b>3,125,977</b>	<b>3,151,764</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	382,991	403,979
Borrowings	10	245,034	293,072
Employee benefits	13	74,140	78,849
Deferred income	12	28,137	29,201
<b>TOTAL CURRENT LIABILITIES</b>		<b>730,302</b>	<b>805,101</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	504,864	505,998
Employee benefits	13	32,624	25,911
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>537,488</b>	<b>531,909</b>
<b>TOTAL LIABILITIES</b>		<b>1,267,790</b>	<b>1,337,010</b>
<b>NET ASSETS</b>		<b>1,858,187</b>	<b>1,814,754</b>
<b>EQUITY</b>			
Reserves		51,632	51,632
Retained earnings		1,806,555	1,763,120
<b>TOTAL EQUITY</b>		<b>1,858,187</b>	<b>1,814,752</b>

The accompanying notes form part of these financial statements.



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Statement of Changes in Equity  
For the Year Ended 31 January 2017**

2017

	Retained Earnings	Reserves	Total
Note	\$	\$	\$
Balance at 1 February 2016	1,763,120	51,632	1,814,752
Profit / (Loss) for the year	43,435	-	43,435
Balance at 31 January 2017	<u>1,806,555</u>	<u>51,632</u>	<u>1,858,187</u>

2016

	Retained Earnings	Reserves	Total
Note	\$	\$	\$
Balance at 1 February 2015	1,732,457	51,632	1,784,089
Profit / (Loss) for the year	30,663	-	30,663
Balance at 31 January 2016	<u>1,763,120</u>	<u>51,632</u>	<u>1,814,752</u>

The accompanying notes form part of these financial statements.

**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Statement of Cash Flows****For the Year Ended 31 January 2017**

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	3,947,807	3,647,767
Payments to suppliers and employees	(3,660,434)	(3,464,096)
Interest received	855	3,139
Interest paid	(49,993)	(48,227)
Receipt from government subsidies and grants	19,680	56,117
Rent received	45,888	45,569
Net cash provided by/(used in) operating activities	<u>303,803</u>	<u>240,269</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(58,074)</u>	<u>(15,361)</u>
Net cash used by investing activities	<u>(58,074)</u>	<u>(15,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of finance lease commitments	(185,977)	(57,733)
Payment of borrowings	(115,699)	(107,029)
Net cash used by financing activities	<u>(301,676)</u>	<u>(164,762)</u>
Net increase/(decrease) in cash and cash equivalents held	(55,947)	60,146
Cash and cash equivalents at beginning of year	<u>263,111</u>	<u>202,965</u>
Cash and cash equivalents at end of financial year	2 <u>207,164</u>	<u>263,111</u>

The accompanying notes form part of these financial statements.

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2017

The financial report covers Macksville District Ex-Servicemen's Club Ltd as an individual entity. Macksville District Ex-Servicemen's Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Macksville District Ex-Servicemen's Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 22 May 2017.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of preparation

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

Material accounting policies adopted in the preparation of these financial statements are presented below and 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.

##### (b) Comparative figures

Comparatives are consistent with prior years, unless otherwise stated.

##### (c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

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

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

##### Depreciation

The depreciable amount of Property Plant and Equipment is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Buildings are depreciated on a straight line basis and land is not depreciated.

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2017

#### 1 Summary of Significant Accounting Policies

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 4%
Plant and Equipment	7.5% - 40%
Leased plant and equipment	7.5% - 40%
Poker Machines	30%

The assets' residual values, depreciation methods 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 the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

#### (e) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The buildings that form investment properties are depreciated on a straight line basis over 33 years.

#### (f) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and



# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2017

#### 1 Summary of Significant Accounting Policies

- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

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 reporting date.

(g) **Impairment of non-financial assets**

At the end of each reporting year, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2017

#### 1 Summary of Significant Accounting Policies

##### (h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

##### (i) 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

##### (j) Trade and other payables

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

##### (k) Income tax

Income tax is not levied on the operations of the Club as they pertain to members (exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*), but only in regards to activities concerning visitors, as well as the Club's investment income. Therefore, normal company rates of tax are not based on the operating results for the year, but on the portion applicable to visitors, and investment income. This is known as the principle of mutuality.

As at balance date, the club has carried forward income tax losses of \$54,604. Although the club may trade profitably in future years, after applying the principal of mutuality for taxation purposes, the probability of absorbing the entire balance of carried forward income tax losses is considered to be very low. Therefore, no deferred tax asset has been recognised in the Financial Report as there is no certainty that the taxation losses will provide an economic benefit in the future.

##### (l) 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 at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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.

##### (m) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.



# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements For the Year Ended 31 January 2017

### 1 Summary of Significant Accounting Policies

#### (m) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

##### Sale of goods

Revenue from the 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

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

##### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

##### Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

#### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 shown inclusive of GST.

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.

#### (o) Critical accounting estimates and judgments

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

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

For the Year Ended 31 January 2017

### 1 Summary of Significant Accounting Policies

#### (o) Critical accounting estimates and judgments

##### Key estimates - property, plant and equipment residual values and useful lives

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.

No impairment has been recognised in respect of property, plant and equipment at reporting date.

#### (p) Adoption of new and revised accounting standards

The AASB has issued and amended Accounting Standards and Interpretations that have mandatory application dates effective 1 January 2016. The adoption of these Standards and Interpretations has not had any impact on the reported position or performance of the company.

The AASB has also issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these Standards.

### 2 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank in hand	207,164	263,111
	<u>207,164</u>	<u>263,111</u>

### 3 Trade and Other Receivables

	Note	2017	2016
		\$	\$
CURRENT			
Trade receivables		27,983	13,795
Deposits		5,000	5,000
Total current trade and other receivables		<u>32,983</u>	<u>18,795</u>

### 4 Inventories

CURRENT			
Bar & Bistro Stock at Cost		44,541	44,357



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Notes to the Financial Statements**

**For the Year Ended 31 January 2017**

**5 Property, Plant and Equipment**

	2017	2016
	\$	\$
<b>LAND AND BUILDINGS</b>		
Freehold Land At cost	183,011	183,011
Total land	<u>183,011</u>	<u>183,011</u>
Buildings At cost	2,301,299	2,301,299
Accumulated depreciation	(1,023,521)	(941,687)
Total buildings	<u>1,277,778</u>	<u>1,359,612</u>
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment At cost	2,014,441	1,891,902
Accumulated depreciation	(1,350,684)	(1,350,394)
Total plant and equipment	<u>663,757</u>	<u>541,508</u>
Furniture, fixture and fittings At cost	598,317	598,855
Accumulated depreciation	(492,978)	(473,425)
Total furniture, fixture and fittings	<u>105,339</u>	<u>125,430</u>
<b>Total property, plant and equipment</b>	<u><u>2,229,885</u></u>	<u><u>2,209,561</u></u>

**(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	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Total
Parent	\$	\$	\$	\$	\$
<b>Year ended 31 January 2017</b>					
Balance at the beginning of the year	183,011	1,359,612	541,508	125,430	2,209,561
Additions	-	-	275,102	5,773	280,875
Disposals at Written Down Value	-	-	(4,821)	(551)	(5,372)
Depreciation	-	(81,834)	(148,032)	(25,313)	(255,179)
<b>Balance at the end of the year</b>	<u>183,011</u>	<u>1,277,778</u>	<u>663,757</u>	<u>105,339</u>	<u>2,229,885</u>

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2017

#### 6 Investment Property

Investment property consists of land and buildings adjacent to the club's premises. These properties are not used for the club's operations but are rental properties held for possible future use. These properties are non-core properties as prescribed by the Registered Clubs Act.

	2017	2016
	\$	\$
At Cost	575,823	575,823
Accumulated Depreciation	(136,773)	(130,649)
<b>Total Investment Property</b>	<b>439,050</b>	<b>445,174</b>

The investment properties were independently valued in June 2016. The valuation was based on the fair market value based on similar properties. The critical assumptions adopted in determining the valuation included the location of the land and buildings, sales data for similar properties and capitalisation of an assessed net annual rental return. The investment property located at 18-22 Cooper Street is currently leased for a 5 year term from May 2016 until April 2021. The property at 29 Princess Street is currently leased for a 1 year term which commenced on 1 January 2017.

The fair value of the investment property is:

18-22 Cooper St, Macksville	\$650,000
29 Princess St, Macksville	<u>\$140,000</u>
Total Fair Value	<u>\$790,000</u>

#### 7 Intangible Assets

The amount showing for these assets represents the cost of poker machine entitlements purchased under current government regulation. These entitlements have allowed the club to increase the number of poker machines on premises.

It is considered that the life of the entitlements is indefinite so the cost cannot be amortised. Under the applicable accounting standards intangible assets have to be tested for impairment. Impairment occurs on an asset where the carrying amount exceeds the recoverable amount. When this occurs, the value of the asset must be reduced to the lower amount with the resulting loss being shown in the statement of comprehensive income. Where the recoverable amount exceeds the carrying amount a recovery of previously recognised impairment loss is allowed.

	2017	2016
	\$	\$
Poker Machine Entitlements at Cost	194,998	194,998
Accumulated impairment	(43,933)	(43,933)
<b>Net carrying amount</b>	<b>151,065</b>	<b>151,065</b>

**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Notes to the Financial Statements**

**For the Year Ended 31 January 2017**

<b>8</b>	<b>Other Assets</b>		<b>2017</b>		<b>2016</b>
			\$		\$
	CURRENT				
	Prepayments		21,129		19,541
<b>9</b>	<b>Trade and Other Payables</b>		<b>2017</b>		<b>2016</b>
			\$		\$
	CURRENT				
	Trade payables		156,549		146,589
	Annual leave entitlements		147,903		157,086
	Accrued expenses		44,205		58,534
	ATO Liabilities		34,334		41,770
			<u>382,991</u>		<u>403,979</u>
	<b>(a) Financial liabilities at amortised cost classified as trade and other payables</b>				
	Trade and other payables		<u>382,991</u>		<u>403,980</u>
	Less:				
	annual leave entitlements		<u>(147,903)</u>		<u>(157,086)</u>
	Financial liabilities as trade and other payables	14	<u>235,088</u>		<u>246,894</u>
<b>10</b>	<b>Borrowings</b>		<b>2017</b>		<b>2016</b>
			\$		\$
	CURRENT				
	Lease liability secured	11	72,154		148,885
	Bank loans		172,880		144,187
	<b>Total current borrowings</b>		<u>245,034</u>		<u>293,072</u>
			<b>2017</b>		<b>2016</b>
			\$		\$
	NON-CURRENT				
	Lease liability secured	11	46,797		42,598
	Bank loans		458,067		463,400
	<b>Total non-current borrowings</b>		<u>504,864</u>		<u>505,998</u>



# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2017

#### 10 Borrowings

##### Summary of Borrowing Arrangements:

i) The lease liability balance has three components. It relates to the Gaming Machine system that was installed in November 2014. The initial amount of the finance agreement was \$153,352 payable in minimum monthly payments of \$4,260 over 36 months commencing in December 2014. The balance also includes the finance lease agreements for the purchase of four poker machines for a total of \$104,388 with monthly repayments totalling \$8,699 over 12 months commencing in January 2016. In addition, another two poker machines were acquired in September 2016 for a total of \$88,668 and have been financed over 3 years with monthly repayments of \$2,463.

ii) In 2006 the Club established a commercial variable loan facility with the ANZ bank for \$1,350,000 to finance the club's renovations. The loan is for a maximum term of 15 years, due to expire in 2021, and is secured by a first registered mortgage over the property, and by a fixed and floating charge over the all the assets of the club, both present and future. The interest rate at report date is 7.02% and the minimum fortnightly payment at report date is \$5,482. However, the Club has elected to pay \$6,000 per fortnight in order to reduce the debt ahead of the loan schedule.

Payments in previous years have been made in addition to the minimum monthly payment resulting in funds being available to redraw. In 2011, the Club made a redraw on the loan of \$153,000 to finance Club refurbishments and extensions, including the Outdoor Gaming Area. During the year ending 30 June 2015, the Club made a redraw on the loan of \$83,000 to finance the improvements to the auditorium area.

iii) During the year, a loan was established with ANZ Finance for \$163,836 to fund the replacement of the club's air-conditioning system. The loan has a term of 5 years with monthly repayments of \$3,140 commencing in April 2016.

#### 11 Leasing Commitments

##### (a) Finance Leases

	2017	2016
	\$	\$
Minimum lease payments:		
- not later than one year	72,153	148,885
- between one year and five years	46,797	42,598
Minimum lease payments	<u>118,950</u>	<u>191,483</u>

Finance leases relate to the lease of Poker Machine equipment and licenses. See note 10(i) above for details regarding the lease terms and payment details.

##### (b) Operating Leases

	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	14,550	19,225
- between one year and five years	5,636	20,186
	<u>20,186</u>	<u>39,411</u>

Operating leases relate to the lease of a Ricoh photocopier and SENPOS till system. The lease of the Ricoh photocopier is over a 5 year term commencing April 2014. The lease of the SENPOS till system is over a 3 year term commencing in September 2014. The lessors retain ownership of the equipment at all times.



## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2017

#### 12 Income in Advance

	2017	2016
	\$	\$
Subscriptions in Advance	22,110	22,773
Gaming Tax Rebate in Advance	5,727	5,727
Functions Deposits in Advance	300	701
	<u>28,137</u>	<u>29,201</u>

#### 13 Employee Benefits

	2017	2016
	\$	\$
Long service leave - current	74,140	78,849
Long service leave - non-current	32,624	25,911

#### (a) Reconciliation of amounts in the statement of financial position

	2017	2016
	\$	\$
Beginning of the year	104,760	99,270
Current service cost	7,955	13,447
Less Long Service Leave paid	(5,951)	(7,957)
End of year	<u>106,764</u>	<u>104,760</u>

#### 14 Financial Risk Management

The main risks Macksville District Ex-Servicemen's Club Ltd is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk. The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans 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
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	2	207,164	263,111
Trade and other receivables	3	32,983	18,795
Other financial assets		160	160
<b>Total financial assets</b>		<u>240,307</u>	<u>282,066</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	9(a)	235,088	246,894
- Borrowings	10	749,898	799,069
<b>Total financial liabilities</b>		<u>984,986</u>	<u>1,045,963</u>

#### Credit risk

The Company does not have any material credit risk exposure to any single receivable or group of receivables.

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2017

#### 15 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstanding debts and obligations of the Company. At 31 January 2017 the number of members was 2,930 (2016: 2,960).

#### 16 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company is \$ 105,798 (2016: \$ 105,668).

#### 17 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 31 January 2017 (31 January 2016: None).

#### 18 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the financial year, there were no related party transactions.

#### 19 Events after the end of the Reporting Period

The financial report was authorised for issue on 22 May 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.

#### 20 Capital Commitments

Between the end of the financial year until the date of this report, the Club had committed to the following capital expenditure:

- Purchase of two Type 4 Poker Machines

This capital expenditure totalling \$74,448 has been financed via a lease through the vendor, Aristocrat Technologies Australia, over a three year period with 36 monthly payments of \$2,068 (excluding GST).

**Macksville District Ex-Servicemen's Club Ltd**

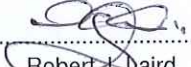
ABN36000902170

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 20 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 January 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  
  
Robert J. Laird

Director .....  
  
Kenneth W. Walker

Dated 22 May 2017



## Independent Audit Report to the members of Macksville District Ex-Servicemen's Club Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Macksville District Ex-Servicemen's Club Limited (the Company), which comprises the statement of financial position as at 31 January 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 January 2017, 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 31 January 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards-RDR 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 as 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 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 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.

#### MACKSVILLE

18 Wallace Street,  
PO Box 27  
MACKSVILLE NSW 2447

P 02 6568 3000  
F 02 6568 1600  
E [macksville@hlv.com.au](mailto:macksville@hlv.com.au)

#### NAMBUCCA HEADS

7 Mann Street,  
PO Box 8  
NAMBUCCA HEADS NSW 2448

P 02 6568 6197  
F 02 6568 7144  
E [nambucca@hlv.com.au](mailto:nambucca@hlv.com.au)

#### URUNGA

15 Bonville Street,  
URUNGA NSW 2455

P 02 6655 5530  
F 02 6655 5530  
E [urunga@hlv.com.au](mailto:urunga@hlv.com.au)

#### HLV AUDIT PTY LTD

ABN 70 606 296 431  
AAC 478051

W [www.hlv.com.au](http://www.hlv.com.au)

Liability limited by a Scheme approved  
under Professional Standards Legislation.

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 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.
- 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.

HLV AUIDT PTY LTD

A handwritten signature in black ink, appearing to read 'A. Hooykaas'.

Aart Hooykaas  
Director

Macksville NSW  
22 May 2017



