

Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

Financial Statements

For the Year Ended 30 June 2016

Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

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For the Year Ended 30 June 2016

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Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

DIRECTORS' REPORT

30 June 2016

The directors present their report on Dunoon & District Sports & Recreation Club Limited ("the Company") for the financial year ended 30 June 2016.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Andrew Bain

Qualifications

Supervisor

Experience

Board member 14 years

Special responsibilities

President

Craig Gyles

Qualifications

Carpenter

Experience

Board member 2 years

Special responsibilities

Vice President

Michael Berry

Qualifications

Appointed 19 October 2015

Insurance Broker

Experience

Board member 8 months

Special responsibilities

Treasurer

Nancy Tarlinton

Qualifications

Administration

Experience

Board member 3 years

Special responsibilities

Secretary

Andrew Dixon

Qualifications

Teacher

Experience

Board member 2 years

Brian Tarlinton

Qualifications

General Manager

Experience

Board member 4 years

Graham Khan

Qualifications

Appointed 19 October 2015

Agriculture Worker

Experience

Board member 8 months

Anastasia Andrews

Qualifications

Resigned 19 October 2015

Manager

Experience

Board member 1 year

Rachael Muller

Qualifications

Resigned 19 October 2015

Teacher

Experience

Board member 1 year

Dunoon & District Sports & Recreation Club Limited

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DIRECTORS' REPORT

30 June 2016

Information on directors (continued)

Rodney Little	Resigned 19 October 2015
Qualifications	Retired
Experience	Board member 8 years
Maria Gillan	Resigned 18 August 2015
Qualifications	IT 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.

Principal activities

The principal activities of Dunoon & District Sports & Recreation Club Limited during the financial year were the provision of sporting and social activities to members.

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

Objectives

The short and long term objectives of the Dunoon & District Sports & Recreation Club Limited are to ensure that the Company's financial position remains sound for both the short and long term, ensuring that members and patrons can enjoy their club for many years to come.

Strategy for achieving the objectives

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

- Carefully monitor income and expenditure to improve operating profit;
- Introduce new ideas that will attract more people to the club and improve income streams; and
- Promote the above objectives at every opportunity.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by providing the best facilities and by continually looking at ways to attract participants to both sporting and social activities. This has provided the Company with a source of income so the Company can continue 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 the facilities, both socially and through sport.

Members guarantee

Dunoon & District Sports & Recreation Club Limited is a company limited by guarantee. The number of members as at 30 June 2016 was 572 (2015: 535).

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 \$5, subject to the provisions of the Company's constitution.

Dunoon & District Sports & Recreation Club Limited

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DIRECTORS' REPORT

30 June 2016

Members guarantee (continued)

At 30 June 2016 the collective liability of members was \$2,860 (2015: \$2,675).

Core/Non-core property

Directors advise that all land and buildings have been classified as core property, as defined by section 41J of the *Registered Clubs Act (1976)*.

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Andrew Bain	12	11
Craig Gyles	12	8
Michael Berry	8	8
Nancy Tarlinton	12	6
Andrew Dixon	12	8
Brian Tarlinton	12	11
Graham Khan	8	1
Anastasia Andrews	4	3
Rachael Muller	4	4
Rodney Little	4	3
Maria Gillan	1	-

Dunoon & District Sports & Recreation Club Limited

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DIRECTORS' REPORT

30 June 2016

Operating results

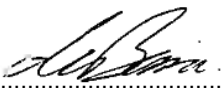
The financial operations of the Company during the year are summarised as follows:

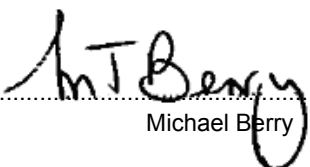
	2016	2015
	\$	\$
Bar Trading		
Sales	309,516	316,313
Gross profit	153,668	158,827
Gross profit percentage	49.65 %	50.21 %
Restaurant Trading		
Sales	-	161,302
Gross profit	(2,353)	91,298
Gross profit percentage	N/A	56.60 %
Poker Machine		
Revenue	66,565	76,923
Other income	124,850	119,627
Total income	500,931	674,165
Total expenses	(582,792)	(725,273)
Result from continuing operations	(81,861)	(51,108)

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2016 has been received and can be found on page 5 of the financial report.

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

Director: 
Andrew Bain

Director: 
Michael Berry

Dated this 20th day of September 2016



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Dunoon & District Sports & Recreation Club Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Dated at Lismore this 20th day of September 2016.

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**



G W DWYER (Partner)
Registered Company Auditor

Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	4	500,288	662,165
Other income	4	643	12,000
Employee benefits expense	5	(163,438)	(276,119)
Depreciation expense	5	(25,197)	(23,835)
Administration		(23,043)	(27,455)
Club promotions		(12,156)	(15,296)
Insurance		(21,201)	(23,302)
Repairs and maintenance		(8,035)	(9,685)
Members entertainment		(6,763)	(11,216)
Sub club expenses		(105,706)	(52,179)
Electricity		(13,708)	(15,282)
Other expenses		(45,344)	(43,414)
Cost of goods sold - Bar		(155,848)	(157,486)
Cost of goods sold - Kitchen		(2,353)	(70,004)
Profit/(loss) before income tax		(81,861)	(51,108)
Income tax expense	2(b)	-	-
Net profit/(loss) for the year		(81,861)	(51,108)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income for the year		(81,861)	(51,108)

The accompanying notes form part of these financial statements.

Dunoon & District Sports & Recreation Club Limited

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STATEMENT OF FINANCIAL POSITION

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	106,018	193,135
Trade and other receivables	7	685	763
Inventories	8	13,701	15,691
Other assets	9	3,439	1,298
TOTAL CURRENT ASSETS		123,843	210,887
NON-CURRENT ASSETS			
Other financial assets	10	30	30
Property, plant and equipment	11	564,010	566,632
Intangible assets	12	90,000	90,000
TOTAL NON-CURRENT ASSETS		654,040	656,662
TOTAL ASSETS		777,883	867,549
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	28,513	43,737
Employee benefits	14	48,991	46,011
Other liabilities	15	5,400	2,650
TOTAL CURRENT LIABILITIES		82,904	92,398
NON-CURRENT LIABILITIES			
Employee benefits	14	4,723	3,034
TOTAL NON-CURRENT LIABILITIES		4,723	3,034
TOTAL LIABILITIES		87,627	95,432
NET ASSETS		690,256	772,117
EQUITY			
Retained earnings		690,256	772,117
TOTAL EQUITY		690,256	772,117

The accompanying notes form part of these financial statements.

Dunoon & District Sports & Recreation Club Limited

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STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

2016

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2015	<u>772,117</u>	<u>772,117</u>
Net profit/(loss) for the year	<u>(81,861)</u>	<u>(81,861)</u>
Balance at 30 June 2016	<u><u>690,256</u></u>	<u><u>690,256</u></u>

2015

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2014	<u>823,225</u>	<u>823,225</u>
Net profit/(loss) for the year	<u>(51,108)</u>	<u>(51,108)</u>
Balance at 30 June 2015	<u><u>772,117</u></u>	<u><u>772,117</u></u>

The accompanying notes form part of these financial statements.

Dunoon & District Sports & Recreation Club Limited

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STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Bar and restaurant sales	309,516	476,915
Poker machine revenue	60,476	69,558
GST collected/(paid) (net)	(9,995)	8,853
Subscriptions received	5,595	5,400
Interest received	533	1,330
Other receipts	126,996	105,987
Payments to suppliers and employees	(558,306)	(688,274)
Net cash provided by/(used in) operating activities	(65,185)	(20,231)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	682	-
Proceeds from sale of poker machine entitlements	-	42,000
Payments for property, plant and equipment	(22,614)	(3,550)
Net cash provided by/(used in) investing activities	(21,932)	38,450
Net increase/(decrease) in cash and cash equivalents held	(87,117)	18,219
Cash and cash equivalents at beginning of year	193,135	174,916
Cash and cash equivalents at end of financial year	106,018	193,135

6(a)

The accompanying notes form part of these financial statements.

Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

The financial report covers Dunoon & District Sports & Recreation Club Limited as an individual entity. Dunoon & District Sports & Recreation Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Dunoon & District Sports & Recreation Club Limited is Australian dollars.

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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Going concern

For the 2016 financial year, the Company incurred an operating loss of \$81,861 (2015: loss of \$51,108). The ongoing losses incurred are a reflection of very tough operating conditions which have led to continued revenue declines. As at 30 June 2016, the Company's net current assets have reduced to \$40,939 from \$118,489 12 months prior.

These conditions indicate that there is a material uncertainty as to the ability of the Company to continue to operate on a going concern basis, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite these conditions and uncertainty the financial report has been prepared on a going concern basis as the directors have adopted the following measures:

- Reduction in opening hours by 1 hour on Monday-Thursday & 2 hours on Friday. Total 6 hours at times when patronage is very slow.
- Suspend operating our courtesy bus for the time being, saving the need to roster 2 staff on to facilitate its use.
- Operate our bar with 1 staff member only unless it can be demonstrated that patronage will require a second person, except Friday night where 2 staff will be rostered on between 6pm & 9pm.
- Significant reduction in wages compared to 2015/2016 outcome. Target is between \$110,000 & \$115,000 total employment cost including superannuation and workers compensation.
- Saving on 2016/2017 insurance cost of about \$6,000.
- Saving on 2016 audit cost of \$500.
- Raffle income to be kept in house except for 1 Friday night a month that will go to a selected community group. This initiative is expected to add \$8,000 - \$10,000 to revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(a) Going concern (continued)

- A proposal to be put to members at the 2016 AGM to sell 3 more poker machine licences which will raise \$40,000 - \$45,000 in additional capital.
- Currently negotiating a donation of up to \$6,000 to bolster the Company's bank balance.
- Ongoing review of all cost centres to identify further savings wherever possible. For example we have just contracted our electricity supply based on a total saving of 25% on standard tariffs.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) 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.

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

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Donations

Donations and bequests are recognised as revenue when received.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(d) Revenue and other income (continued)

Interest revenue

Interest is recognised using the effective interest method.

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.

(e) Property, Plant and Equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	20 - 40 years
Plant and Equipment	5 years
Sub Club - Plant and Equipment	5 years
Furniture and Fittings	7 years
Motor Vehicles	5 years
Improvements	40 years
Poker Machines	3 years

Crockery, cutlery and glassware are recorded at cost and replacements are charged against the profit of that year.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of impairment for its non-financial assets.

Where this 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 future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company, if deprived of the asset, would replace its remaining future economic benefits, value in use shall be determined at the depreciated replacement cost of the asset.

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

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

(h) Poker machine entitlements

Poker machine entitlements were granted to the Company by the NSW government prior to 1 July 2004. Poker machine entitlements have been recognised in the statement of financial position at their fair value at 1 July 2004 which has been deemed to be their cost. Subsequent acquisitions of poker machine entitlements are recognised at cost.

Poker machine entitlements are assessed as being intangible assets with an indefinite useful life and have not been amortised. Poker machine entitlements continue to be carried at cost in the statement of financial position and are subject to an annual impairment test.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(j) 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.

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.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(k) 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.

(l) 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

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(I) Financial instruments (continued)

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
- 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(I) Financial instruments (continued)

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.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income, except when the fair value of the asset cannot currently be reliably measured.

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.

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.

The Company's financial liabilities include trade and other payables, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

4 Revenue and Other Income

	2016	2015
	\$	\$
Operating Revenue		
Sale of Goods:		
- Bar sales	309,516	316,313
- Restaurant sales	-	161,302
	<u>309,516</u>	<u>477,615</u>
Services:		
- Poker machine revenue	60,476	69,558
- Subscriptions	5,550	5,460
	<u>66,026</u>	<u>75,018</u>
Non-Operating Revenue		
- Interest received	533	1,330
- Poker machine GST subsidy	6,089	7,365
- Sub club revenue	81,315	86,578
- Other revenue	36,809	14,259
	<u>124,746</u>	<u>109,532</u>
Total revenue	<u>500,288</u>	<u>662,165</u>
Other Income		
Net gain on disposal of non-current assets	643	12,000
Total other income	<u>643</u>	<u>12,000</u>
Total revenue and other income	<u>500,931</u>	<u>674,165</u>

5 Expenses

Employee benefits expense:		
Salaries, wages and training expenses	150,381	253,213
Superannuation contributions	13,057	22,906
Total employee benefits expense	<u>163,438</u>	<u>276,119</u>
Depreciation expense:		
Buildings	10,914	10,853
Plant and equipment	6,457	6,331
Furniture and fittings	3,929	3,894
Motor vehicles	1,589	1,636
Improvements	975	975
Poker Machines	874	-
Sub club - plant and equipment	459	146
Total depreciation expense	<u>25,197</u>	<u>23,835</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

6 Cash and cash equivalents

	Note	2016 \$	2015 \$
Cash on hand		24,277	23,404
Cash at bank:			
Trading account	6(b)	(1,305)	42,102
Community garden		1,250	950
Gazette account		3,765	1,745
Little athletics		-	25
Men's shed		1,106	21,328
Soccer club		31,767	38,815
Tennis club		4,251	3,691
Interest bearing deposits - Licensed club		40,907	61,075
Total cash and cash equivalents	6(a)	106,018	193,135

(a) Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	107,323	193,135
Bank overdrafts	(1,305)	-
Balance as per statement of cash flows	106,018	193,135

(b) Trading account

The Company holds a \$5,000 bank overdraft facility with the Westpac Bank Corporation.

7 Trade and other receivables

CURRENT		
Sundry debtors	685	763
Total current trade and other receivables	685	763

8 Inventories

CURRENT		
At cost:		
Bar stock	13,701	14,827
Kitchen stock	-	864
Total current inventories	13,701	15,691

9 Other assets

CURRENT		
Prepayments	3,439	1,298
Total current other assets	3,439	1,298

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

10 Other financial assets

	2016	2015
	\$	\$
NON-CURRENT		
SCU shares	30	30
Total non-current other financial assets	30	30

11 Property, plant and equipment

Freehold land		
At cost	190,000	190,000
Total freehold land	190,000	190,000
Buildings		
At cost	408,157	405,528
Accumulated depreciation	(108,604)	(97,690)
Total buildings	299,553	307,838
Plant and equipment		
At cost	176,708	176,619
Accumulated depreciation	(165,406)	(159,411)
Total plant and equipment	11,302	17,208
Furniture and fittings		
At cost	126,387	126,387
Accumulated depreciation	(108,594)	(104,665)
Total furniture and fittings	17,793	21,722
Motor vehicles		
At cost	8,182	8,182
Accumulated depreciation	(8,182)	(6,593)
Total motor vehicles	-	1,589
Improvements		
At cost	39,000	39,000
Accumulated depreciation	(11,700)	(10,725)
Total improvements	27,300	28,275
Poker machines		
At cost	111,300	114,800
Accumulated depreciation	(103,174)	(114,800)
Total poker machines	8,126	-
Sub club - plant and equipment		
At cost	16,348	5,953
Accumulated depreciation	(6,412)	(5,953)
Total Sub club - plant and equipment	9,936	-
Total property, plant and equipment	564,010	566,632

Dunoon & District Sports & Recreation Club Limited

ABN 36 003 159 779

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

11 Property, plant and equipment (continued)

(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 and Fittings	Motor Vehicles	Improvements	Poker Machines	Sub Club - Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016									
Balance at the beginning of year	190,000	307,838	17,208	21,722	1,589	28,275	-	-	566,632
Additions	-	2,629	590	-	-	-	9,000	10,395	22,614
Disposals - written down value	-	-	(39)	-	-	-	-	-	(39)
Depreciation expense	-	(10,914)	(6,457)	(3,929)	(1,589)	(975)	(874)	(459)	(25,197)
Balance at the end of the year	190,000	299,553	11,302	17,793	-	27,300	8,126	9,936	564,010

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

12 Intangible Assets

	2016	2015
	\$	\$
Poker machine entitlements (At cost)	90,000	90,000
Total Intangibles	90,000	90,000

13 Trade and other payables

CURRENT		
Trade payables and accrued expenses	25,256	30,485
Net GST payable	3,257	13,252
Total current trade and other payables	28,513	43,737

14 Employee Benefits

CURRENT		
Long service leave	26,102	22,824
Annual leave	22,889	23,187
Total current employee benefits	48,991	46,011
NON-CURRENT		
Long service leave	4,723	3,034
Total non-current employee benefits	4,723	3,034

The current long service leave provision relates to employees that have accumulated 10 years of service and therefore have an unconditional right to take long service leave. The amount of long service leave expected to be taken by employees during the next financial year is \$15,591 (2015: \$NIL).

15 Other liabilities

CURRENT		
Income received in advance	5,400	2,650
Total current other liabilities	5,400	2,650

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

16 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

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:

	Note	2016 \$	2015 \$
Financial Assets			
Cash and cash equivalents	6	106,018	193,135
Loans and receivables	7	685	763
Total financial assets		106,703	193,898
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	13	28,513	43,737
Total financial liabilities		28,513	43,737

17 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 \$5 each towards meeting any outstandings and obligations of the Company. At 30 June 2016 the number of members was 572 (2015: 535).

18 Key Management Personnel Disclosures

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity is considered key management personnel.

The total remuneration paid to key management personnel of the Company is \$62,214 (2015: \$ 66,815).

19 Contingencies and Commitments

In the opinion of the Directors, the Company did not have any contingencies or commitments at 30 June 2016 (30 June 2015: None).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

20 Related Parties

The Directors named in the attached Director's Report each held office as a director of the Company during the year ended 30 June 2016.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

- Bookkeeping services from Gyles Consulting (Judy Gyles) to the value of \$NIL (2015: \$1,897).

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel (KMP) Disclosures.

21 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 September 2016 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.

22 Company Details

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

Dunoon & District Sports & Recreation Club Limited
Cowley Road
Dunoon NSW 2480

Dunoon & District Sports & Recreation Club Limited


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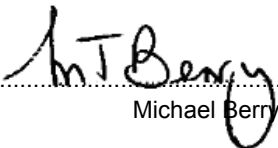
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 24, 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 30 June 2016 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:.....
Andrew Bain

Director:.....
Michael Berry

Dated this 20th day of September 2016



DUNOON & DISTRICT SPORTS & RECREATION CLUB LIMITED

ABN 36 003 159 779

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE YEAR ENDED 30 JUNE 2016

To the members of Dunoon & District Sports & Recreation Club Limited

We have reviewed the accompanying financial report of Dunoon & District Sports & Recreation Club Limited ("the Company"), which comprises the statement of financial position as at 30 June 2016, 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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements *ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as 30 June 2016 and its performance for the year ended on that date; and complying with Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Dunoon & District Sports & Recreation Club Limited is not in accordance with the *Corporations Act 2001* including:

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

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2(a) in the financial report which indicates that the Company has incurred operating losses in the 2016 and 2015 financial years and, as at 30 June 2016, net current assets have reduced to \$40,939. These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Dated at Lismore this 20th day of September 2016.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'G W Dwyer', is written over a horizontal dotted line.

G W DWYER (Partner)
Registered Company Auditor