

WINDSOR RSL

annual

report

**2015/2016**

**ANNUAL FINANCIAL REPORT**

**OF**

**WINDSOR RSL CLUB LTD  
ACN 000 811 290**

**FOR THE YEAR ENDED**

**31 MARCH 2016**

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**WINDSOR RSL CLUB LTD  
ACN 000 811 290**

**CHAIRMANS REPORT**

The physical changes made to our Club building over the past 12 to 18 months have certainly had a significant impact on how the Windsor RSL Club is now portrayed both in the Hawkesbury community, and by our rapidly growing membership base.

My report last year was compiled a few months after the opening of the new foyer & gaming room and outlined the growth experienced in the 2014/15 financial year. I am pleased to report this year's growth has continued in all areas of the Club. With the population explosion expected in Western Sydney over the next few decades, we are planning for long term continued growth of our Club.

The 2015/16 P&L financial result was down on last year, mainly due to a significant increase in depreciation of the new building works, together with absorbing considerable opening costs of our new alfresco dining and bar facility - Easy Lane.

Key recorded items for the year being:

Profit of \$371,688 ( Profit & Loss )

EBITDA of \$1,823,333 (Earnings Before Interest Taxation Depreciation Amortisation)

Revenue increase of 28%

Assest increase of 31%

Membership increase of 35%

Over the past twelve months we have witnessed a continuation of change:

Introduction of Easy Lane Kitchen & Beer Garden

Introduction of Bistro 36 ( due to the resignation of FORK Catering )

Introduction of TAB / Sports lounge area

Expansion of car parking facilities

The Boards objective for this financial year is to consolidate and bed in the myriad of changes that have been introduced over the past 18 months, whilst reducing the loan commitments to our banking partner ANZ, before we commence work on implementing Stage 2 of the Masterplan in the next 24 months.

Following on from last year's Centenary of ANZAC Day celebrations our Sub Branch conducted the ANZAC Day ceremony again in McQuade Park, with an estimated crowd of about 7,000 people in attendance. Participation in the Dawn Service was again just reward for the work put in by the Windsor RSL Sub Branch. Going forward the Club plans to combine with the Sub Branch to put forward the ANZAC Day ceremony in McQuade Park on an annual basis.

Your Club again this year continued to support a myriad of local charities, schools, sporting bodies and not for profit organisations via direct financial support and/or complimentary usage of the Clubs facilities for meetings and fundraising events. Your Club is now one of the key funding contributors to charities and not for profit organisations within the Hawkesbury region.

To the family and friends of our members who have passed over the past twelve months, please accept my condolences, on behalf of all members of the Club.

To my fellow Directors, please accept my appreciation for your assistance and support over the past twelve months. The manner in which current Board members work together, and with our senior management team, is the key ingredient to the success of this wonderful Club. On a personal note, I would like to thank the partners of our Directors for their ongoing support and understanding, with a special thank you to my wife Di.

On behalf of all members of the Windsor RSL Club I would like to thank our growing number of Staff. Clearly the Club would not be in the position it is today without our amazing team of staff and their dedication to ensuring the success of the Club. It still astounds me the number of members who approach me personally, to say how friendly and helpful our staff are.

Finally to our members, thank you for your support of the Windsor RSL Club.

Colin Wilson  
Chairman

**WINDSOR RSL CLUB LTD  
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**DIRECTORS' REPORT**

The Directors of Windsor RSL Club Ltd submit herewith the annual report for the financial year ended 31 March 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

**Colin Wilson**

Age: 75  
Retired  
6 years President, 20 years Treasurer

**David Ingram**

Age: 55  
Training Development Manager  
6 years Director, 4 years Vice-President

**Albert Duclos**

Age: 81  
Retired  
22 years Director, 4 years Treasurer

**Ross Ryan**

Age: 75  
Retired  
17 years Director, 11 years Vice-President

**Frank Hyland**

Age: 65  
Broker  
8 years Director

**Darrell Logue**

Age: 69  
Funeral Director  
6 years Director

**Jason Read**

Age: 47  
Club Manager  
6 years Director

**Les Sheather**

Age: 66  
Building Contractor  
4 years Director

**Paul Thomas**

Age: 52  
Director  
2 years Director

**WINDSOR RSL CLUB LTD**  
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**DIRECTORS' REPORT (continued)**

**MEETING OF COMPANY DIRECTORS**

The number of directors' meetings including meetings of committees of directors and number of meetings attended by each of the directors of the company during the financial year are:

Director	BOARD MEETINGS	
	Number of meetings attended	Number of meetings held*
Mr C Wilson	12	12
Mr A Duclos	11	12
Mr D Ingram	12	12
Mr R Ryan	12	12
Mr F Hyland	9	12
Mr D Logue	12	12
Mr J Read	9	12
Mr L Sheather	11	12
Mr P Thomas	11	12

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

**COMPANY SECRETARY**

The following person held the position of Company Secretary at the end of the financial year:

Anthony Rhett Jeffcott

**MEMBERS' GUARANTEE**

The company is limited by guarantee. If the company is wound up the constitution of the company states that each member is required to contribute a maximum of \$4 each towards meeting any outstanding obligations of the company. The total amount contributed would be \$49,260.

**REVIEW OF OPERATIONS**

The club made a profit before tax of \$380,362 (2015: \$640,118). Income tax has been provided of \$8,694.

The club derived an operating profit of \$1,823,333 (2015: \$1,588,056) before depreciation of \$1,161,692 (2015: \$845,215) and finance costs of \$281,279 (2015: \$102,723).

Club membership was 12,315 as at 31 March 2016 (9,114 as at 31 March 2015) and was made up as follows:

	2016	2015
Associate	12,307	9,105
Life	8	9
	<u>12,315</u>	<u>9,114</u>

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**DIRECTORS' REPORT (continued)**

**OBJECTIVES**

The objectives of the club are to operate in a responsible and financially prudent manner with the aim of enhancing membership benefits and contributing to the local community. Windsor RSL Club Ltd plays an important role in honouring present and returned servicemen and servicewomen.

Specific short and long term objectives include:

Short Term

- Provide the best possible facilities to members
- Encourage new membership
- Improve profitability and efficiency of club operations

Long Term

- Maintain financial stability of the club
- Ensure facilities continue to cater for members' needs
- Diversify income streams

**STRATEGY FOR ACHIEVING THE OBJECTIVES**

Attract and maintain quality management and staff.  
Be flexible and adapt to the changing environment of the club, economy and member demographic characteristics.  
To continually review and upgrade facilities of the club.

**PRINCIPAL ACTIVITIES**

The principal activity of the company during the period was that of Licensed Club conducted for Members and Members' Guests according to the Constitution. No significant change in the nature of these activities occurred during the year.

**HOW THESE ACTIVITIES ASSIST IN ACHIEVING THE OBJECTIVES**

The principal activities of the club contributed to achieving the objectives by providing a stable base of operations. This ensured the financial stability and generated funds to meet the demands of the company and maintain high levels of service to members and guests.

**PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS**

The financial performance of the club is measured against the budget set and benchmark data for the industry.

Some of the specific areas reported on and monitored include:

- Earnings before Interest Tax Depreciation and Amortisation (EBITDA)
- Gross Profit Margins
- Expense Ratios and Analysis
- Cash Flow
- Members' Feedback
- Staff Turnover

**WINDSOR RSL CLUB LTD  
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**DIRECTORS' REPORT (continued)**

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration follows and forms part of the directors' report for the financial year ended 31 March 2016.

Signed in accordance with a resolution of the directors.

Dated at Windsor this 16th day of May 2016.

.....  
C Wilson  
Chairman

## AUDITOR'S INDEPENDENCE DECLARATION

Lead Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Windsor RSL Club Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 March 2016, 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.

.....  
John C Cheadle  
Registered Company Auditor

Dated: 16 May 2016

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF WINDSOR RSL CLUB LTD**

I have audited the accompanying financial report of Windsor RSL Club Ltd (the company), which comprises the Balance Sheet as at 31 March 2016 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration as set out on pages 3 to 30.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

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

**INDEPENDENT AUDIT REPORT (continued)**  
**TO THE MEMBERS OF WINDSOR RSL CLUB LTD**

**Auditor's Opinion**

In my opinion the financial report of Windsor RSL Club Ltd is in accordance with the *Corporations Act 2001*.

- (a) giving a true and fair view of the company's financial position as at 31 March 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

.....  
John C Cheadle  
Registered Company Auditor

Dated: 16 May 2016

**WINDSOR RSL CLUB LTD  
ACN 000 811 290**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Windsor RSL Club Ltd (the company):

- (a) the financial statements and notes, set out on pages 11 to 30, are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position of the company as at 31 March 2016 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
- (b) at the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Windsor this 16th day of May 2016.

.....  
C Wilson  
Chairman

**WINDSOR RSL CLUB LTD**  
**ACN 000 811 290**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 \$	2015 \$
<b>Revenue from continuing operations</b>			
Sale of goods		1,345,056	1,199,490
Rendering of services		8,501,387	6,499,607
Other revenue		1,530	1,768
Total revenue from continuing operations	2	<u>9,847,973</u>	<u>7,700,865</u>
<b>Expenses</b>			
Cost of Sales		(769,362)	(541,861)
Poker machine licence and taxes		(1,572,713)	(1,122,535)
Employee expenses		(2,792,649)	(1,995,679)
Entertainment, advertising and promotions		(1,458,877)	(1,124,297)
Property expenses		(410,446)	(310,792)
Licence and fees		(28,723)	(18,743)
Donations		(85,529)	(66,385)
Printing & stationery		(23,604)	(16,348)
Other expenses		(882,737)	(916,169)
Total expenses		<u>(8,024,640)</u>	<u>(6,112,809)</u>
Earnings before depreciation and finance costs		1,823,333	1,588,056
Depreciation and amortisation expenses	3(a)	(1,161,692)	(845,215)
Finance costs	3(a)	<u>(281,279)</u>	<u>(102,723)</u>
<b>Profit before income tax</b>		380,362	640,118
Income tax expense	5(a)	<u>(8,694)</u>	<u>-</u>
<b>Net profit from continuing operations after income tax expense attributable to members</b>	14	<u>371,668</u>	<u>640,118</u>
<b>Total comprehensive income for the year</b>		<u>371,668</u>	<u>640,118</u>

The Statement of Comprehensive Income should be read in conjunction with  
the accompanying notes to the financial statements

**WINDSOR RSL CLUB LTD**  
**ACN 000 811 290**

**BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	291,596	382,649
Trade and other receivables	7	6,010	3,071
Inventories	8	86,030	46,213
Other current assets	9	104,104	80,160
<b>TOTAL CURRENT ASSETS</b>		<u>487,740</u>	<u>512,093</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	12,215,599	9,313,376
Intangible assets	9	995,450	632,435
Deferred tax assets	5(b)	10,509	10,509
<b>TOTAL NON-CURRENT ASSETS</b>		<u>13,221,558</u>	<u>9,956,320</u>
<b>TOTAL ASSETS</b>		<u>13,709,298</u>	<u>10,468,413</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,259,028	1,040,331
Financial liabilities	12	733,660	508,495
Employee benefits	13	238,790	167,378
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,231,478</u>	<u>1,716,204</u>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	12	6,044,217	3,706,049
Employee benefits	13	42,597	26,822
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>6,086,814</u>	<u>3,732,871</u>
<b>TOTAL LIABILITIES</b>		<u>8,318,292</u>	<u>5,449,075</u>
<b>NET ASSETS</b>		<u>5,391,006</u>	<u>5,019,338</u>
<b>MEMBERS' FUNDS</b>			
Retained profits	14	5,391,006	5,019,338
<b>TOTAL MEMBERS' FUNDS</b>		<u>5,391,006</u>	<u>5,019,338</u>

The Balance Sheet should be read in conjunction with  
the accompanying notes to the financial statements

**WINDSOR RSL CLUB LTD  
ACN 000 811 290**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance at 1 April 2014</b>	4,379,220	4,379,220
<b>Change in equity for 2015</b>		
Total comprehensive income for the year	<u>640,118</u>	<u>640,118</u>
<b>Balance at 31 March 2015</b>	5,019,338	5,019,338
<b>Change in equity for 2016</b>		
Total comprehensive income for the year	<u>371,668</u>	<u>371,668</u>
<b>Balance at 31 March 2016</b>	<u><u>5,391,006</u></u>	<u><u>5,391,006</u></u>

**WINDSOR RSL CLUB LTD**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		9,843,504	7,700,806
Cash paid to suppliers and employees		(7,791,211)	(6,104,193)
Interest received		1,530	1,768
Borrowing costs paid		(281,279)	(102,723)
<b>Net cash inflows from operating activities</b>	17(b)	<b>1,772,544</b>	<b>1,495,658</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition building works		(2,417,439)	(3,018,359)
Acquisition of poker machine entitlements		(363,015)	(357,087)
Acquisition of property, plant and equipment		(1,646,476)	(804,274)
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(4,426,930)</b>	<b>(4,179,720)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from bank loans		2,010,087	2,464,639
Repayment of bank loans		(64,352)	(15,398)
Proceeds from borrowings (hire purchase)		1,567,759	937,180
Hire purchase payments		(950,161)	(605,560)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>2,563,333</b>	<b>2,780,861</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(91,053)	96,799
Cash and cash equivalents at the beginning of the financial year		382,649	285,850
<b>Cash and cash equivalents at the end of the financial year</b>	17(a)	<b>291,596</b>	<b>382,649</b>

The Statement of Cash Flows should be read in conjunction with  
the accompanying notes to the financial statements

**WINDSOR RSL CLUB LTD**  
**ACN 000 811 290**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards and the *Corporations Act 2001*.

In preparing the financial report the company has taken the exemptions available to non profit entities.

**Historical Cost Convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

**(b) Revenue Recognition - Note 2**

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

**Sale of goods**

Revenue from the sale of goods comprises revenue earned from provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) when control of the goods passes to the customer.

**Rendering of Services**

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

**Interest Revenue**

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

**Member Subscriptions**

Membership subscriptions are accounted for in the year of receipt irrespective to the period for which they relate. All costs associated with the procurement of membership subscriptions are expensed when incurred.

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Revenue Recognition - Note 2 (continued)**

**Sale of Property, Plant and Equipment**

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

**(c) Goods and Services Tax**

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

Receivables and payables in the Balance Sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

**(d) Finance Costs**

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

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

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Income Tax - Note 5**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet date.

Deferred tax is accounted for using the comprehensive Balance Sheet liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

**(f) Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(g) Cash and Cash Equivalents - Note 6**

Cash and cash equivalents include cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

**(h) Trade and Other Receivables - Note 7**

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

**(i) Inventories - Note 8**

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis.

**WINDSOR RSL CLUB LTD  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Property, Plant and Equipment - Note 10**

Land is shown at periodic, but at least triennial, valuations by external independent valuers. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land are credited to other reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Income.

Land is not depreciated. Depreciation on other assets is calculated using the straight line/diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	<b>2016</b>	<b>2015</b>
Buildings and Improvements	40 years	40 years
Furniture, Fittings and Equipment	11 years	11 years
Poker Machines	4 years	4 years
Kitchen Equipment	11 years	11 years
Vehicles	8 years	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves with respect to those assets to retained earnings.

The company's properties are now classified as either "Core" or "Non-Core" property. Core property is property occupied by the club as licensed premises. The club can only dispose of its core property if the disposal has been approved by a resolution passed by the majority of members. The property must be sold at public auction after valuation by a registered valuer. These requirements do not apply to non-core property, ie, investment properties.

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Employee Benefits - Note 13**

**Wages and Salaries, Annual Leave and Sick Leave**

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

**Long Service Leave**

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

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

**Superannuation Plan**

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

**(l) Trade and Other Payables - Note 11**

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

**(m) Financial Liabilities - Note 12**

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 Balance Sheet date.

**(n) Hire Purchase Assets**

Contracts under which the company assumes substantially all the risks and benefits of ownership are classified as Hire Purchase liabilities. Other leases are classified as operating leases.

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Hire Purchase Assets (continued)**

**Note 12**

A financed asset and a liability equal to the present value of the total payments are recorded at the inception of the contract.

Hire Purchase liabilities are reduced by repayments of principal. The interest components of the payments are expensed. Contingent rentals are expensed as incurred.

**(o) Comparatives**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(p) Use and Revisions of Accounting Estimates**

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(q) Going Concern**

The directors have prepared the financial report on a going concern basis for the following reasons:

- Cash inflow from operating activities for the year amounted to \$1,772,544 compared to \$1,495,658 in the prior period and cash inflows are expected to improve in future years.
- The company recorded an operations profit of \$380,362 compared to last year's profit of \$640,118.

The directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

**(r) Customer Loyalty Program**

The company operates a loyalty program where customers accumulated point for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(s) Intangible Assets**

**Poke Machine Entitlements**

Poker machine entitlements are not amortised. Instead poker machine entitlements are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairments losses.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>2. REVENUE FROM CONTINUING OPERATIONS</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	<u>1,345,056</u>	<u>1,199,490</u>
	<u>1,345,056</u>	<u>1,199,490</u>
<b>Rendering of Services Revenue</b>		
Functions and restaurant	846,614	220,513
Poker machines - net clearances	7,396,546	5,662,918
Members' subscriptions	56,329	38,928
Entertainment and promotions	35,787	446,931
TAB commission	7,182	14,253
Keno sales	82,341	62,151
Commission received	76,533	53,191
Sundry income	55	722
	<u>8,501,387</u>	<u>6,499,607</u>
<b>Other Revenues</b>		
Interest received	<u>1,530</u>	<u>1,768</u>
	<u>1,530</u>	<u>1,768</u>
<b>Total revenue from continuing operations</b>	<u><u>9,847,973</u></u>	<u><u>7,700,865</u></u>
<b>Key Performance Indicators ("KPIs")</b>		
i) Bar Gross Profit Percentage	64.85%	63.99%
ii) Bar Wages to Bar Sales Percentage	23.82%	27.37%
iii) Earnings before interest, depreciation, amortisation and income tax (EBITDA)	\$1,823,333	\$1,588,056

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>3. EXPENSES</b>		
(a) Profit/(loss) before income tax includes the following specific expenses		
<b>Finance costs</b>		
Finance lease charges	76,503	33,570
Other loans	204,776	69,153
	<u>281,279</u>	<u>102,723</u>
<b>Depreciation</b>		
Buildings and improvements	167,051	49,543
Plant and equipment	453,131	541,066
Hire Purchase assets	541,510	254,606
Total depreciation and amortisation	<u>1,161,692</u>	<u>845,215</u>
<b>Net expense from movements in provision for</b>		
Employee benefits increased	<u>87,187</u>	<u>46,600</u>
<b>4. AUDITOR'S REMUNERATION</b>		
During the year the following fees were paid or payable for services provided by the auditor:		
<b>Audit Services</b>		
Auditors of the company		
Audit and review of financial reports		
- W L Browne & Associates	12,000	12,000

**WINDSOR RSL CLUB LTD**  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>5. INCOME TAX</b>		
(a) Income Tax Expense		
<p>The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.</p> <p>The amount set aside for income tax in the Statement of Comprehensive Income has been calculated as follows:</p>		
Proportion of income attributable to non-members	754,903	594,969
Less: Proportion of expenses attributable to non-members	<u>(523,449)</u>	<u>(378,633)</u>
	231,454	216,336
Add: Other taxable income	<u>191,568</u>	<u>131,342</u>
	423,022	347,678
Less: Other deductible expenses	<u>(366,586)</u>	<u>(246,460)</u>
Net taxable income	56,436	101,218
Less: Tax loss carried forward	<u>(27,456)</u>	<u>(101,218)</u>
Net taxable income	<u>28,980</u>	<u>-</u>
Current income tax applicable to above at rate of 30%	8,694	-
Income tax expense	<u>8,694</u>	<u>-</u>
Income tax losses balance carried forward Nil		
(b) Deferred Tax Assets		
<p>The balance comprises temporary differences attributable to:</p> <p><i>Amounts recognised in profit or loss</i></p>		
Employee benefits	10,509	10,509
Tax losses carried forward	<u>-</u>	<u>-</u>
Net deferred tax assets	<u>10,509</u>	<u>10,509</u>
Movements during the year:		
Balance at the beginning of the year	10,509	10,509
Credited/(charged) to the Statement of Comprehensive Income	<u>-</u>	<u>-</u>
Closing balance	<u>10,509</u>	<u>10,509</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	<u>291,596</u>	<u>382,649</u>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	<u>6,010</u>	<u>3,071</u>
<b>8. INVENTORIES</b>		
Liquor stock on hand - at cost	69,995	43,124
Food stock on hand - at cost	<u>16,035</u>	<u>3,089</u>
	<u>86,030</u>	<u>46,213</u>
<b>9. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	<u>104,104</u>	<u>80,160</u>
<b>Non-Current Intangible Assets</b>		
Poker Machine Entitlements Purchased	<u>995,450</u>	<u>632,435</u>
Movement in Poker Machine Entitlements:		
Carrying amount at beginning of year	632,435	275,348
Additions	<u>363,015</u>	<u>357,087</u>
Carrying amount at end of year	<u>995,450</u>	<u>632,435</u>

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlements purchased based on the recoverable amount of cash generating units (poker machine) value in use based on an active market as at 30.06.16. Existing poker machine entitlement have not been re-valued, as such are reflected at cost. Entitlements have an indefinite life and amortisation need not be considered.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold Land - Core Property		
<i>At Cost</i>	<u>1,995,515</u>	<u>1,995,515</u>
	<u>1,995,515</u>	<u>1,995,515</u>
Buildings and Improvements - Core Property		
<i>At Cost</i>	7,903,325	5,485,886
<i>Accumulated depreciation</i>	<u>(669,751)</u>	<u>(502,700)</u>
	<u>7,233,574</u>	<u>4,983,186</u>
Total Land, Buildings and Improvements - Core Property	<u>9,229,089</u>	<u>6,978,701</u>
Plant and Equipment		
<i>At Cost</i>	6,098,650	5,707,826
<i>Accumulated depreciation</i>	<u>(4,628,193)</u>	<u>(4,520,005)</u>
	<u>1,470,457</u>	<u>1,187,821</u>
Hire Purchase Assets		
<i>At Cost</i>	2,685,873	1,775,164
<i>Accumulated depreciation</i>	<u>(1,169,820)</u>	<u>(628,310)</u>
	<u>1,516,053</u>	<u>1,146,854</u>
Total property, plant and equipment net book value	<u>12,215,599</u>	<u>9,313,376</u>

Refer to Note 12 for details of security over property, plant and equipment

In accordance with Section 41J of the Registered Clubs Amendment Act 2006, the directors have determined that all freehold land and buildings held by the club forms part of the club's premises and the facilities provided by the club are for the use of its members and is therefore core property.

Valuation

An independent valuation of the company's land and buildings carried out by Colliers International Consulting and Valuation Pty Ltd as at 20 May 2013 on the basis of open market value subject to vacant possession resulted in a value of land and buildings and improvements of \$3,600,000 for the club premises. As land and buildings are recorded at cost the valuation of \$3,600,000 for land and buildings and improvements has not been brought to account. A further valuation of the club's freehold assets will be done in the coming year (2016).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>10. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
Reconciliations		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Freehold Land</b>		
Carrying amount at beginning of year	1,995,515	1,995,515
Disposals	-	-
Carrying amount at end of year	<u>1,995,515</u>	<u>1,995,515</u>
<b>Buildings and Improvements</b>		
Carrying amount at beginning of year	4,983,186	1,492,147
Additions	2,417,439	3,540,582
Depreciation	(167,051)	(49,543)
Carrying amount at end of year	<u>7,233,574</u>	<u>4,983,186</u>
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	1,187,821	1,458,567
Additions	735,769	171,729
Gain/(Loss) on disposal	-	(1,930)
Depreciation	(453,133)	(440,545)
Carrying amount at end of year	<u>1,470,457</u>	<u>1,187,821</u>
<b>Hire Purchase Assets</b>		
Carrying amount at beginning of year	1,146,854	789,839
Additions	910,709	712,142
Depreciation	(541,510)	(355,127)
Carrying amount at end of year	<u>1,516,053</u>	<u>1,146,854</u>
<b>Total Carrying Amounts</b>	<u>12,215,599</u>	<u>9,313,376</u>
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	1,041,682	355,964
Other creditors and accruals	208,652	82,547
Other creditors - Building Works	-	601,820
Provision for Income Tax	8,694	-
	<u>1,259,028</u>	<u>1,040,331</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>12. FINANCIAL LIABILITIES</b>		
<b>Current</b>		
Finance Leases - secured	<u>733,660</u>	<u>508,495</u>
<b>Non-Current</b>		
Finance Leases - secured	1,049,242	656,809
Loan - ANZ Bank	<u>4,994,975</u>	<u>3,049,240</u>
	<u><u>6,044,217</u></u>	<u><u>3,706,049</u></u>

The finance lease liabilities are effectively secured as the rights of the leased assets revert to the lessor in the event of a default. Refer Note 16 for maturity periods.

The ANZ loan is secured by registered first mortgage over the following assets of the company:

- First Registered Mortgage over the premises of Windsor RSL Club Limited situated at 36 Argyle Street, South Windsor NSW 2756 comprising Lot 9 in Deposited Plan 752061 and Lot 201 in Deposit Plan 801553. This is a fixed and floating charge over the assets and undertaking of Windsor RSL Club Limited. A further revaluation of the club's freehold assets will be done in the coming year (2016).

**13. EMPLOYEE BENEFITS**

Aggregate liability for employee benefits including on-costs

Current	238,790	167,378
Non-current	<u>42,597</u>	<u>26,822</u>
	<u><u>281,387</u></u>	<u><u>194,200</u></u>
Number of employees at year end	<u>72</u>	<u>40</u>

Superannuation Plans

**Contributions**

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

Employer contribution to the plans	<u>217,120</u>	<u>142,668</u>
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>14. RETAINED PROFITS</b>		
Retained profits at the beginning of the year	5,019,338	4,379,220
Net profit attributable to members of the company	<u>371,668</u>	<u>640,118</u>
Retained profits at the end of the year	<u><u>5,391,006</u></u>	<u><u>5,019,338</u></u>
<b>15. COMMITMENTS</b>		
Finance Lease Commitments		
Finance lease payments are payable as follows:		
Within one year	943,163	615,305
One year or later and not later than five years	<u>1,024,746</u>	<u>656,809</u>
Minimum financial lease payments	1,967,909	1,272,114
Less: Future finance lease charges	<u>(185,007)</u>	<u>(106,810)</u>
Carrying amount of hire purchase liabilities	<u><u>1,782,902</u></u>	<u><u>1,165,304</u></u>

The company has acquired motor vehicles and trading equipment under financial lease agreements expiring from one to three years. The finance lease facility is secured against the assets purchased under this facility as disclosed in Note 10, under Property, Plant and Equipment.

**16. SEGMENT REPORTING**

The company operates predominantly in the hospitality and entertainment industry.

The company's operations and customers are located predominantly in Sydney, New South Wales. The company provides food, beverage, gaming and other entertainment facilities to members and guests.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		\$	\$
<b>17. CASH FLOW INFORMATION</b>			
(a) Reconciliation of Cash			
Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Cash and cash equivalents		<u>291,596</u>	<u>382,649</u>
(b) Reconciliation of Net Cash Provided by Operating Activities with Profit after Income Tax			
Profit after income tax		371,668	640,118
Add/(less) items classified as investing/financing activities:			
(Profit)/loss on sale of non-current assets		-	1,930
Add/(less) non-cash items:			
Depreciation		<u>1,161,692</u>	<u>845,215</u>
Net cash provided by operating activities before change in assets and liabilities		1,533,360	1,487,263
Change in assets and liabilities during the financial year			
(Increase)/decrease in receivables		(2,939)	(59)
(Increase)/decrease in inventories		(39,817)	(10,617)
(Increase)/decrease in other assets		(23,944)	(22,565)
Increase/(decrease) in payables		218,697	(4,964)
Increase/(decrease) in employee benefits		<u>87,187</u>	<u>46,600</u>
Net cash flow from operating activities		<u>1,772,544</u>	<u>1,495,658</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**18. RELATED PARTIES**

(a) Key Management Personnel

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Total Compensation	<u>585,828</u>	<u>434,078</u>

(b) Directors' Transactions with the Company

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

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

**19. COMPANY DETAILS**

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. At 31 March 2016 there were 12,315 members.

The registered office of the company is at 36 Argyle Street, South Windsor NSW 2756.

**20. EVENTS SUBSEQUENT TO REPORTING DATE**

No events have occurred since 31 March to the date of signing this report that would have a significant financial affect on the company.