

**DUNDAS SPORTS &
RECREATION CLUB LTD
ACN 000 337 048**

**FIFTY EIGHTH
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017**

DUNDAS SPORTS & RECREATION CLUB LTD

FINANCIAL REPORT FOR THE YEAR ENDED

31 DECEMBER 2017

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**DUNDAS SPORTS &
RECREATION CLUB LTD
DIRECTORS' REPORT**

Your directors present their Annual Financial Report on the Club for the financial year ended 31 December 2017.

Directors

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

G Hann, A Johnson, S Ritzrow, J Leo, B Austin, R Cooke, R Knight

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

Company Secretary

Scott Caundle has been the Company Secretary since 1 July 2016 and up to the date of this report. Scott has worked in the Club industry for 25 years. He is a member of the Club Managers Association and Club Directors Association.

Objectives

Short Term

The short term objective of the Club is to maintain profitability and compliance through the provision of high quality services within the Club's environment for members and their guests.

Long Term

The long term objective of the Club is provide enhanced facilities to members & guests and enhance the Club's standing within the community.

Principle Activity

The principal activity of the Company during the year was registered club. No significant change in the nature of that activity occurred during the year.

Results

The surplus from operations of the company for the year, after providing for tax was \$370. (2016 \$63,423 surplus).

Dividends

No dividends are payable being a registered club. The Company was incorporated on the 20th September 1960 as a company limited by guarantee under the Corporations Act 2001 and as such does not have a share capital. In the event of the company being wound up, the constitution of the Club states that each member is required to contribute a maximum of \$2.

Review of Operation

Bar Trading increased by approximately \$36,000, whilst Poker Machine Trading fell by \$46,000 during the financial year. Most expenditures have remained constant with no significant variations.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the Company occurred during the year.

Likely Developments and Expected Results of Operation

There are no likely developments that will significantly affect the expected result. It is expected to remain profitable in 2018.

Information on Directors

Name	No of Years Director	Role	Qualification
G Hann	6	President	Facilities Manager
A Johnson	4	Treasurer	Musician
S Ritzrow	6	Vice President	Operations Leader
J Leo	6		Curator
B Austin	2		Self Employed
R Cooke	2		National Sales Manager
R Knight	2		Service Manager

All Directors are full members of the club.

Meetings of Directors

During the financial year 12 monthly meetings of the Directors were held, as well as many special meetings. Attendances of the monthly meetings were as follows:-

	ATTENDED	ELIGIBLE
G Hann	12	12
A Johnson	12	12
S Ritzrow	10	12
J Leo	9	12
B Austin	9	12
R Cooke	11	12
R Knight	12	12

Indemnifying Officers

The Company has not, during the or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- (i) indemnified or made any relevant agreement for indemnify against a liability including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings;

with the exception of the payment of a premium to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than wilful breach of duty in relation to the Company.

Proceedings On Behalf Of The Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. An employee of a contractor to the club is seeking damages for alleged discrimination, to which the Club is defending.

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

Auditors Independence Statement

The Auditors Independence Statement under section 307C of The Corporations Act 2001 is attached and forms part of this statement.

Signed in accordance with a resolution of the directors.

G Hann
Director
Dundas

A Johnson
Director
26 February 2018

Auditors Independence Declaration
Under s 307C of the Corporations Act 2001

To the Directors of Dundas Sports & Recreation Club

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

- (a) No contraventions of the auditors independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Stephen Sproats
Registered Company Auditor
Chartered Accountant
7/288 Newline Road Dural

26 February 2018

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2017**

	2017	2016
Revenues from Normal Activities	2,073,319	2,082,357
Cost of Goods Sold	415,607	392,931
Poker Machine Expenses	114,512	120,955
Employee Benefit Expense	448,588	420,684
Members Expenses	21,343	14,427
Insurances	62,242	60,970
Entertaining	149,206	158,062
Raffles	58,229	71,794
Utilities	79,452	82,690
Repairs & Maintenance	49,908	56,365
Greens Contractor	63,684	74,503
Mens Bowl	60,074	64,116
Security	61,336	44,997
Advertising	13,291	16,068
Accountancy	37,767	18,345
Cleaning	43,801	43,912
TAB	24,152	25,681
TV Subscription	28,382	21,536
Sponsorship	11,727	7,308
Other expenses	<u>237,725</u>	<u>240,982</u>
Total Expenditure	<u>1,981,026</u>	<u>1,936,326</u>
Earnings Before Depreciation and Financing costs	92,293	146,031
Financing Expenses	10,266	12,236
Depreciation	<u>81,657</u>	<u>70,372</u>
PROFIT (LOSS) FROM OPERATIONS	370	63,423
Income Tax Expense	—	—
Profit (Loss) from operations after tax	370	63,423
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (LOSS)	<u>\$ 370</u>	<u>\$63,423</u>

The accompanying notes form part of these accounts

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2017**

<i>CURRENT ASSETS</i>	NOTE	2017	2016
Cash	4	122,751	66,060
Receivables	5	24,199	20,107
Inventories	6	<u>26,479</u>	<u>32,129</u>
<i>TOTAL CURRENT ASSETS</i>		<u>173,429</u>	<u>118,296</u>
 <i>NON-CURRENT ASSETS</i>			
Intangible Asset	7	420,000	420,000
Property, plant and equipment	7A	<u>5,125,184</u>	<u>5,007,556</u>
<i>TOTAL NON-CURRENT ASSET</i>		<u>5,545,184</u>	<u>5,427,556</u>
 <i>TOTAL ASSETS</i>		 <u>5,718,613</u>	 <u>5,545,852</u>
 <i>CURRENT LIABILITIES</i>			
Creditors and borrowings	8	206,916	180,992
Provisions	9	<u>12,452</u>	<u>8,779</u>
<i>TOTAL CURRENT LIABILITIES</i>		<u>219,368</u>	<u>189,771</u>
 <i>NON-CURRENT LIABILITIES</i>			
Creditors and borrowings	8	<u>243,985</u>	<u>101,191</u>
<i>TOTAL NON CURRENT LIABILITIES</i>		<u>243,985</u>	<u>101,191</u>
 <i>TOTAL LIABILITIES</i>		 <u>463,353</u>	 <u>290,962</u>
 <i>NET ASSETS</i>		 <u>\$5,255,260</u>	 <u>\$5,254,890</u>
 <i>MEMBERS EQUITY</i>			
Share Capital		-	-
Reserves	10	3,640,309	3,640,309
Retained profits		<u>1,614,951</u>	<u>1,614,581</u>
<i>MEMBERS EQUITY</i>		<u>\$5,255,260</u>	<u>\$5,254,890</u>

The accompanying notes for part of these accounts.

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
31 DECEMBER 2017**

	<i>Asset Reserve</i>	<i>Retained profits</i>	<i>Total</i>
<i>Balance at 31 December 2015</i>	4,028,759	1,551,158	5,579,917
Total Comprehensive income for 2016 year	<u>-388,450</u>	<u>63,423</u>	<u>-325,027</u>
<i>Balance at 31 December 2016</i>	3,640,309	1,614,581	5,254,890
Total Comprehensive income for 2017 year	=	<u>370</u>	<u>370</u>
<i>MEMBERS EQUITY AT 31 DECEMBER 2017</i>	<u>\$3,640,309</u>	<u>\$1,614,951</u>	<u>\$5,255,260</u>

The accompanying notes for part of these accounts.

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2017**

CASH FLOW FROM OPERATIONS

	Notes	2017	2016
Receipts from customers		2,073,220	2,081,592
Payments to Suppliers & Employers		(1,949,871)	(1,890,768)
Interest Received		99	765
Interest Paid		<u>(10,266)</u>	<u>(12,236)</u>
NET CASH INFLOWS FROM OPERATIONS		<u>\$113,182</u>	<u>\$179,353</u>
 CASH FLOWS FROM INVESTING			
Payments for Property, Plant & Equipment		<u>(199,285)</u>	<u>(173,911)</u>
NET CASH OUTFLOWS FROM INVESTING		<u>(199,285)</u>	<u>(173,911)</u>
 CASH FLOWS FROM FINANCING			
Proceeds (Repayments) of Rental		58,686	33,215
Proceeds (Repayments) of Secured Loan		<u>84,108</u>	<u>(129,418)</u>
NET CASH INFLOW FROM FINANCING		<u>142,794</u>	<u>(96,203)</u>
NET INCREASE (DECREASE) IN CASH HELD		56,691	(90,761)
Cash at beginning of year		<u>66,060</u>	<u>156,821</u>
CASH AT END OF FINANCIAL YEAR		<u>\$122,751</u>	<u>\$66,060</u>

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE PERIOD YEAR
31 DECEMBER 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are for Dundas Sports & Recreation Club Ltd as an individual entity, a company limited by Guarantee, incorporated & domiciled in Australia.

(a) Basis of Preparation

The financial statement is a general purpose financial statement that has been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board & the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

The financial statement has been prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non current assets, financial assets & financial liabilities. The financial report is presented in Australian dollars.

(b) Taxation

No taxation has been provided as the club is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997

(c) Going Concern

The company has recorded an operating surplus \$370 (2016 \$63,423 surplus). There is a deficit of working capital of \$45,939 (2016 \$71,475). Future viability of the club and its ability to continue as a going concern and meet its debts as and when they fall due is dependent upon the generation of future operating surpluses and ongoing support of the members, bank and creditors. The directors are confident of greater future surpluses and obtaining this support and have accordingly prepared the financial statement on a going concern basis.

(d) Depreciation

Depreciation is calculated on a straight line basis so as to write off the cost of each item of Plant & Equipment over its expected useful life. Depreciation rates used for each class of depreciable assets are

Freehold Buildings	2.5% - 4%
Plant & Equipment, Fixtures & Fittings	2.5% - 20%
Poker Machines	15.0% - 20%

In the prior year, following the revaluation of the Club in 2015, there were a number of Club Improvements & Renovations that were no longer required to be carried in the Assets register and have been excluded from the Statement of Position. This totalled \$388,450 and have been offset against the Revaluation reserve.

(e) Stock On Hand

Stocks are valued at the lower of cost or net realisable value. Cost assigned are based on the first in first out basis.

(f) Long Service Leave and Holiday pay

The amount expected to be paid to employees under the award of their pro rata entitlement to long service leave and holiday pay is accrued annually at current pay rates.

(g) Financial Period

The accounts relate to the 12 month financial period from 1 January 2017 to 31 December 2017. The comparatives relate to the 12 month period from 1 January 2016 to 31 December 2016.

(h) Land & Buildings

The company's properties are classified as either Core or Non Core property. Core property is property occupied by the clubs licensed premises. The club can only dispose of the premise by a resolution passed by the majority of members, but does not apply to non-core land (ie investment properties). All the Club land is considered to be Core Property

Freehold land & building are shown at their fair value based on periodic valuations by external valuers, less subsequent depreciation for buildings. In periods when the freehold land & buildings are not subject to independent valuations, the Directors review the valuations to ensure the carrying value is not materially different to the fair value. Any changes to the valuation of the land & buildings are recognised in other comprehensive income and accumulated in the revaluation reserve.

(i) Plant & Equipment

Plant & Equipment are measured on an original cost basis less accumulated depreciation and impairment losses

(j) Intangible Assets

Poker Machine Entitlements (PME) are recognised at independent valuation, which represents the current fair value based on the Club being classified within the Local Government Area Band 2. PME are not amortised. During 2016 the Local Government Area Band was reclassified to 1. The Directors consider the value carried is fair, considering market conditions.

(k) Revenue Recognition

Revenue is recognised when the amount of revenue can be measured reliably, and the benefit will flow to the club.

Revenue from Bars, Gaming and Catering are recognised on a receipts basis. Subscriptions are brought to account in relation to the period they relate.

2. REVENUE

Bar Sales	1,021,322	984,743
Poker Machine Takings	740,730	786,783
Mens Bowls	58,053	69,374
Members Subscriptions	22,489	11,324
OSR Gaming	17,180	10,022
Raffles	48,078	49,736
Functions	2,636	2,950
Rent received	19,718	19,097
Keno	40,054	35,806
Commission	29,196	48,739
Sundry income	12,180	10,371
Interest	99	765
TAB	18,601	14,335
Restaurant Rent	36,600	30,000
Ladies Bowls Income	<u>6,383</u>	<u>8,312</u>
	<u>\$2,073,319</u>	<u>\$2,082,357</u>

3. OPERATING PROFIT

Operating profit has been determined after crediting and charging the following specific items:

Credits	2017	2016
Depreciation		
Poker Machines	34,366	21,274
Other	47,291	49,098
Interest Paid		
Other Persons	10,266	12,236
Provisions		
Annual Leave	5,796	(30,743)
Long Service Leave	(2,228)	(3,741)

4. CASH

Cash on Hand	40,000	40,000
Cash at Bank	<u>82,751</u>	<u>26,060</u>
	<u>\$122,751</u>	<u>\$66,060</u>

5. RECEIVABLES

Current	2017	2016
Trade debtors	8,181	3,300
Security Deposit	5,000	5,000
Prepayments	<u>11,018</u>	<u>11,807</u>
	<u>\$24,199</u>	<u>\$20,107</u>

6. INVENTORIES

Current		
Stock on hand	<u>\$26,479</u>	<u>\$32,129</u>

7A. INTANGIBLE ASSET

Poker Machine Entitlement	<u>\$420,000</u>	<u>\$420,000</u>
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An independent valuation was made by Maneti Quinlan & Associated Pty Ltd on 15 July 2015 and based on that valuation the Directors have made the above valuation of the Poker Machine Entitlements. The revaluation surplus has been credited to an asset revaluation reserve in Members Equity.

7. PROPERTY, PLANT & EQUIPMENT

Freehold land & Buildings - at valuation		
9 Elder Road, Dundas	4,330,000	4,330,000

The property at 9 Elder Road is considered Core property as it the Clubs licensed premises location. All of the Property owned by the Club is considered core property.

An independent valuation was made by Maneti Quinlan & Associated Pty Ltd on 15 July 2015 and based on that valuation the Directors have made the above valuation of the Land & Buildings of 9 Elder Road Dundas. The revaluation surplus has been credited to an asset revaluation reserve in Members Equity

Previously, an independent valuation was made by Colliers International on 9 August 2004 (after the partial sale of the adjacent blocks) and based on that valuation the Directors have made the above valuations of the Club's buildings and freehold of No 9 Elder Road Dundas.

Poker machines, at cost	1,585,775	1,489,432
Accumulated depreciation	<u>(1,375,258)</u>	<u>(1,340,892)</u>
	<u>210,517</u>	<u>148,540</u>
Plant & equipment at cost	531,954	503,523
Accumulated depreciation	<u>(422,841)</u>	<u>(399,016)</u>
	<u>109,113</u>	<u>104,506</u>
Furniture & Fittings, at cost	763,900	744,330
Accumulated depreciation	<u>(700,997)</u>	<u>(689,323)</u>
	<u>62,903</u>	<u>55,007</u>
Greens equipment, at cost	86,422	77,639
Accumulated depreciation	<u>(74,132)</u>	<u>(73,077)</u>
	<u>12,290</u>	<u>4,562</u>
Bowls lighting, at cost	<u>3,937</u>	<u>3,937</u>
Crockery and cutlery at valuation	<u>7,000</u>	<u>7,000</u>
Loose tools at valuation	<u>1,000</u>	<u>1,000</u>
Club Improvement – at cost	445,111	398,954
Accumulated Depreciation	<u>(56,687)</u>	<u>(45,950)</u>
	<u>388,424</u>	<u>353,004</u>
	<u>\$5,125,184</u>	<u>\$5,007,556</u>

8. CREDITORS AND BORROWING

Current	2017	2016
Trade creditors	173,605	145,388
Sundry Creditors	31,083	28,023
Subscriptions in advance	2,228	7,581
Hire Purchase Loan	=	=
	<u>\$206,916</u>	<u>\$180,992</u>
Non-Current		
Rental	91,901	33,215
Mortgage	12 <u>152,084</u>	<u>67,976</u>
	<u>\$243,985</u>	<u>\$101,191</u>

9. PROVISIONS

Current		
Provisions for annual leave	12,452	6,656
Provisions for long service leave	=	<u>2,123</u>
	<u>\$12,452</u>	<u>\$8,779</u>

10. (a) Asset Realisation Reserve

312,645 312,645

(b) Asset Revaluation Reserve.

3,716,114 3716,114

Adjustment to Reserve following removal from assets register of Club Improvements & Renovations at Written Down Value

	<u>(388,450)</u>	<u>(388,450)</u>
	<u>3,327,664</u>	<u>3,327,664</u>
	<u>\$3,640,309</u>	<u>\$3,640,309</u>

11. REMUNERATION OF AUDITOR

Amounts received, or due and receivable by the auditor of the Company for:

Audit of Company's Accounts	7,000	10,750
Other Services	<u>0</u>	<u>5,950</u>
	<u>\$ 7,000</u>	<u>\$ 16,700</u>

12. MORTGAGE/BORROWINGS

The Club has a registered mortgage over the freehold at 9 Elders Road, Dundas with Bankwest. The line of Credit has a limit of \$300,000 and a balance of \$152,084 at 31 December 2017 (2016 \$67,976) and \$147,916(2016 \$232,024) being the unused portion

13. DIRECTORS REMUNERATION

The Directors who held office during the year ended 31 December 2017 were: G Hann, A Johnson, S Ritzrow, J Leo, B Austin, R Cooke & R Knight,

Honorarium were paid to the following -

<i>Officers</i>	2017	2016
President	4,290	4,680
Vice-President	1,300	1,200
Treasurer	2,600	2,400
Directors	3,900	3,390
Bowls Co-Coordinator	6,200	5,750
Bowls Coach	200	200

14. KEY MANAGEMENT PERSONEL

The total remuneration paid to key management of the Club is \$113,607 (2016 \$92,675) and consists of the Secretary Manager(s).

15. RELATED PARTY

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

Transactions with related parties

Purchases made by the club for entertainment services from a company in which A Johnson, director of the club, has an interest:- \$20,800, from which \$15,946 was paid to contractors to the company, leaving his interest at \$4,854. R Cook was paid \$100 for playing in the Band Leny's Girl.

16. CONTINGENT LIABILITIES

- (a) As a result of a resolution passed by the board of Directors in June, 1973 establishing a Mortality Fund for members whose relatives are entitled to these benefits. During the year payments to relatives of members were made which have been shown under the heading in the schedule of expenditure for the Club. The total liability is not ascertainable. The Directors are of the opinion that there are any remaining members with this entitlement
- (b) Under the Company's Memorandum and Articles of Association each member, in the event of the Company being wound up, undertakes to contribute, up to the time of his membership or within one year afterwards, an amount no exceeding two dollars (\$2), the total of which is not ascertainable.

17. RECONCILIATION OF OPERATING PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

	2017	2016
Operating Profit (Loss) After Income Tax	370	63,423
Depreciation - Poker Machine	81,657	70,372
Depreciation - Other		
(Increase)/Decrease - Debtors	(4,881)	(1,340)
(Increase)/Decrease - Prepayments	789	(5,785)
(Increase)/Decrease - Stock	5,650	(6,224)
(Decrease)/Increase - Trade Creditors	28,217	78,124
(Decrease)/Increase - Sundry Creditors	3,060	17,273
(Decrease)/Increase - Annual Leave Provision	5,796	(37,484)
(Decrease)/Increase - Long Service Leave Provision	(2,123)	
(Decrease)/Increase - Subscriptions in Advance	<u>(5,353)</u>	<u>994</u>
	<u>\$113,182</u>	<u>\$179,353</u>

18. MATTER SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this report there are no matters or circumstances which have arisen since 31 December 2017 that has significantly affected or may significantly affect:

- (a) The company's operations;
(b) The results of those operations; or
(c) The company's state of affairs,

in financial year subsequent to 31 December 2017.

19. COMPANY DETAILS

The registered office and principal place of business is 9 Elder Road Dundas

20. FINANCIAL RISK MANAGEMENT

The Club's financial instrument consists mainly of deposits with banks, local money market instruments, short term investments, accounts receivables & payable, bank loans & leases.

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

FINANCIAL ASSETS

Cash	4	122,751	66,060
Receivables	5	<u>24,190</u>	<u>20,107</u>
		<u>\$146,941</u>	<u>\$86,167</u>

FINANCIAL LIABILITIES

Line of Credit		152,084	67,976
Trade & Other Payables		<u>204,685</u>	<u>173,411</u>
Total Financial Liabilities		<u>\$356,769</u>	<u>\$241,387</u>

**DUNDAS SPORTS AND
RECREATION CLUB LIMITED**

STATEMENT BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes as attached are in accordance with the Companies Act 2001
 - (a) Comply with Accounting Standards – Reduced Disclosure Requirements: and
 - (b) give a true and fair view of the financial position as at 31 December 2017 and of the performance the year ended 31 December 2017 of the Company.
2. In the Directors opinions there are reasonable grounds to believe that the Company will be able to meet its debts as and when they become due and payable.

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

**G Hann
Director**

**A Johnson
Director**

Dundas

26 February 2018