

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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The financial report was authorised for issue by the Directors on 18 September 2017. The Company has the power to amend and re-issue the financial report.

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**NOTICE OF ANNUAL GENERAL MEETING**

Members are advised that the Annual General Meeting of the above Club will be held in the Club premises on Sunday 15th October 2017 at 3.00pm.

The business shall be as follows:

1. To confirm the minutes of the previous Annual General Meeting.
2. To receive and consider the Reports of the Board of Directors.
3. To receive and consider the Financial Reports for the year ending 30th June 2017.
4. To declare the results of the election of the Board for the ensuing year.
5. To consider, and if thought fit, to pass the following Ordinary Resolution with such amendment, if any, as shall be determined at the meeting as an ordinary resolution. (Ordinary Resolution 1. Directors Benefits).
6. To deal with any other business properly brought before it.

Haydn Evans  
President  
18 September 2017

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**PRESIDENT'S REPORT**

I thank everyone who has the Club's interest at heart for attending today's meeting. We all would like to see the Club performing better than the last few years but we have to accept that for the next few years with the road works for light rail coming we will be trading in a far worse position.

Your directors ask that you the members use the Club's facilities as much as you can to help us trade through the turmoil. We are still in a financially strong position with the Term Deposits in the vicinity of \$540,000 and very few debts.

Your directors and members of the Sub Branch have looked at quite a few options to move, none of these are viable but we will continue to look for suitable premises.

I have to report the sudden and sad loss of one of our directors Mr Bruce Ryan. We have lost a few of our regular members over the past year. We extend our condolences to their family and friends.

I take this opportunity to thank my fellow board members for the giving of their time and advice they have given during their tenure. Special thanks to Geoff Hickey who after 20 years as a Board member has decided to take a break from Board. Enjoy your retirement.

No President's Report should fail to thank our staff for their efforts during the year including Bron and Marilyn in the office.

Your Club thanks Steven, Michelle and their staff for providing another year of great service and great food to our members and their guests.

Once again thank you the members for your continued support of the "Little Club in the Heart of the City"

Haydn Evans  
President  
18 September 2017

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**MANAGEMENT REPORT**

Trading conditions during the course of the 2016/2017 year put simply were toughest on record.

The transport disruption has been significant but is something we have to live with for the next couple of years.

We have budgeted for this and we have the resources to with stand this difficult trading environment.

What we need to do is increase revenue. Expenses and expense management is exceptional.

Revenue means more people in the club. In conjunction with the sub branch we will continue to explore relocation.

Poker machine our retained % were slightly better than clubs average but what we really need is more through put i.e. usage.

Another positive was that membership numbers continued to increase. We just need members to attend the club.

Our asset position is \$1,005,044. Keeping in mind that cash and cash equivalents represent \$681,391 of this position or 60% we are in a very strong liquid position.

We continue to have no bank debt and there is no desire from the board to take any debt on.

Our total liabilities reduced from \$135,369 to \$103,647 and we have been very diligent with our creditor payments.

We monitor cash position every week and is a key focus hence how we have maintained our strong cash position.

Our total net asset position remains very strong with Net assets of \$896,065.

We budgeted for this loss and will anticipate doing so in the 2017/2018 financial year. What does need to be considered is that when depreciation and amortisation are added back there is a small profit.

Your Club once again sponsored the ANZAC day committee. We will review our ANZAC day operations as we believe we can improve on these.

ANZAC day was a huge success returning to record levels and we advertised beforehand and then thanked post for attendance and patronage.

We also sponsored the City of Newcastle RSL pipe band, the RSL Netball club.

Our greatest assets however continue to be our exceptional staff and Stephen and the incredible crew in the kitchen.

Thank you to the board who all give up their time freely and often they are wonderful ambassadors and have the members and clubs best interests at heart.

You have our commitment that until the position of transport services and the future of this part of Newcastle is resolved we will NOT be taking on any debt we will be operating with a firm eye on expenses but also looking to increase revenue as we did this year with mixed success but you have to try.

May the membership base continue to grow and that the members frequent the club on a more regular basis.

To you all thank you.

Regards  
Michael Murphy  
Senior Vice President

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**DIRECTORS' REPORT**

Your Directors present their report for the financial year ended 30 June 2017.

**1. Directors**

The names of the Directors in office during the year are:

<b>Name</b>		<b>Position</b>	<b>Experience &amp; Qualifications</b>	<b>Years service as a Director</b>
Mr H Evans		President	Retired - Public Servant	5
Mr M Murphy		Snr Vice President	CEO - Underwriting Agencies of Australia	4
Mr G Hickey		Jnr Vice President	Retired - Train Driver	22
Mr R McFarlane		Treasurer	Retired - CEO Engineering Company, Sculptor	3
Mr H Hunter		Director	Retired - Fitter/Welder British Army	7
Mr G Atchison		Director	Retired - Marine Engineer	7
Mr F Carter		Director	Retired - Transport Logistics Manager	1
Mr K Fayle	Resigned	Director	Retired - Sales Representative	16
Mr G Linwood		Director	Retired - Army Officer	4
Mr B Ryan	Appointed at the AGM	Director	Retired - Painter & Docker	0

**2. Activities**

The principal activities of the Company in the course of the financial year ended 30 June 2017 were the running of the Club in accordance with its objectives for the benefit of its members.

**3. Objectives of the Club**

The Club's short and long term objectives are to:

Provide the best facilities available to members and their guests, including the support of returned service persons.

To achieve these objectives the Club has adopted the following strategies:

- Maintain and improve existing facilities through funds provided by increasing existing revenue levels.
- Adopt the services of the Club to reflect the requirements of its members.

These strategies are measured through both financial and non-financial key performance indicators that have been developed relevant to the club industry.

**4. Results**

The net result of operations after applicable income tax was a loss of \$43,148 (2016: \$12,107)

**5. Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 7 of the financial report.

DFK Crosbie continues to hold office in accordance with Section 307 of the Corporations Act. The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Club is important.

**6. Limited by Guarantee**

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any obligations of the Club. At 30 June 2017 the collective liability of members was \$6,255 (2016 \$7,495.)

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**DIRECTORS' REPORT**

**7. Indemnifying Officer or Auditor**

Every Officer of the Company (as defined in the Act) and Auditor shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or Auditor in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted in connection with any application under the Act in which relief is under the Act granted to him by the Court in respect of any negligence, default, breach of any duty or trust.

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

**8. Meeting Attendances**

The number of Board meetings held during the financial year ended 30 June 2017 was 13. The details of each Directors attendances at those meetings is given below:

<u>Director</u>	<u>Meetings</u>	<u>Eligible to Attend</u>
Mr H Evans	13	13
Mr M Murphy	10	13
Mr G Hickey	11	13
Mr R McFarlane	10	13
Mr H Hunter	7	13
Mr G Atchison	11	13
Mr F Carter	10	13
Mr K Fayle	1	3
Mr G Linwood	13	13
Mr B Ryan	9	10
	Didn't stand for re-election at AGM	
	Appointed at the AGM	

**9. Property Report**

The Club discloses it's "core" and "non-core" properties required under section 41J the Registered Clubs Act 1976 as follows:-

Core Property - Leased premises at 175 Scott Street, Newcastle NSW 2300  
 Non-Core Property - Nil

H Evans - Director

M Murphy - Director

**Date: 18 September 2017**



**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF**  
**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

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

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

**Date: 18 September 2017**  
**Warabrook**

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A member firm of DFK International a worldwide association of independent accounting firms and business advisers

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**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**  
**INDEPENDENT AUDIT REPORT TO MEMBERS**

To the Members of City of Newcastle RSL Sub Branch Club Limited

**Report on the Financial Report**

We have audited the financial report of City of Newcastle RSL Sub Branch Club Limited (the Company), which comprises the statement of financial position as at 30 June 2017 and the statement of profit or loss and other 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.

In our opinion, the accompanying financial report of City of Newcastle RSL Sub Branch Club Limited is in accordance with the Corporation Act 2001, including:

- (i) giving a true and fair view of Company's financial position as at 30 June 2017 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The other information provided at the date of this report comprises the Presidents Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**  
**INDEPENDENT AUDIT REPORT TO MEMBERS**

**Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Matters relating to the Electronic Presentation of the Audited Financial Report**

The auditor's report relates to the financial report of City of Newcastle RSL Sub Branch Club Limited (the Club) for the year ended 30 June 2017 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.

Shaun Mahony - Partner

DFK Crosbie Partners  
Chartered Accountants

**Date: 18 September 2017**  
**Warabrook**

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**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 11 to 20 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory reporting requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance, for the year ended on that date of the Company.
- 2 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Directors by:

H Evans - Director

M Murphy - Director

**Date: 18 September 2017**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7	86,663	108,962
Trade and Other Receivables	8	21,761	10,166
Inventories	9	14,563	14,379
Investments	10	530,253	537,920
Other Assets	11	28,151	26,594
<b>TOTAL CURRENT ASSETS</b>		<b>681,391</b>	<b>698,021</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	12	323,653	387,912
<b>TOTAL NON-CURRENT ASSETS</b>		<b>323,653</b>	<b>387,912</b>
<b>TOTAL ASSETS</b>		<b>1,005,044</b>	<b>1,085,933</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	13	63,243	79,515
Borrowings	14	6,441	24,826
Provisions	15	31,099	27,591
Other Liabilities	16	2,864	3,437
<b>TOTAL CURRENT LIABILITIES</b>		<b>103,647</b>	<b>135,369</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	-	5,153
Provisions	15	5,332	6,198
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,332</b>	<b>11,351</b>
<b>TOTAL LIABILITIES</b>		<b>108,979</b>	<b>146,720</b>
<b>NET ASSETS</b>		<b>896,065</b>	<b>939,213</b>
<b>MEMBERS' FUNDS</b>			
Accumulated Profits		896,065	939,213
<b>TOTAL MEMBERS' FUNDS</b>		<b>896,065</b>	<b>939,213</b>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Bar Sales		534,407	523,267
Cost of Goods Sold - Bar		225,534	227,937
Bar Gross Profit		<u>308,873</u>	<u>295,330</u>
Poker Machine Net Revenue		517,327	544,397
Keno and Tab Commission		55,744	55,523
Raffle and Bingo Income		82,460	82,247
Total Trading Income		<u>964,404</u>	<u>977,497</u>
<b>Other Income</b>			
Interest Received		15,700	15,591
Other Income		37,311	54,914
		<u>1,017,415</u>	<u>1,048,002</u>
<b>Less Operating Expenses</b>			
Bar Direct Expenses		162,199	155,527
Poker Machine Direct Expenses		88,206	85,215
TAB and Keno Direct Expenses		60,720	58,342
Raffle and Bingo Direct Expenses		90,609	87,629
Members Amenities		87,582	81,514
Clubhouse		329,008	334,567
Administration		242,239	257,315
Borrowing Costs		-	-
<b>Total Expenses</b>		<u>1,060,563</u>	<u>1,060,109</u>
<b>Net Profit/(Loss) before Income Tax</b>		<u>(43,148)</u>	<u>(12,107)</u>
Income Tax Expense	5	-	-
<b>Net Profit/(Loss) after Income Tax</b>		<u>(43,148)</u>	<u>(12,107)</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income / (Loss)</b>		<u>(43,148)</u>	<u>(12,107)</u>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from Members and Guests	1,123,111	1,151,308
Payments to Suppliers and Employees	(1,112,835)	(1,048,700)
Interest Received	4,350	15,591
Income Tax Paid / (Received)	529	11,201
<i>Net Cash Flows provided by (used in)</i> <i>Operating Activities</i>	15,155	129,400
<b>Cash Flows from Investing Activities</b>		
Transfers (to) from Investments	7,667	(37,920)
Payments for Plant and Equipment	(21,583)	(88,807)
Proceeds from Sale of Assets	-	6,820
<i>Net Cash Flows provided by (used in)</i> <i>Investing Activities</i>	(13,916)	(119,907)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Borrowings	-	30,916
Repayments of Borrowings	(23,538)	(36,068)
<i>Net Cash Flows provided by (used in)</i> <i>Financing Activities</i>	(23,538)	(5,152)
<b>Net Increase/(Decrease) in Cash Held</b>	(22,299)	4,339
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>	108,962	104,623
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	86,663	108,962

To be read in conjunction with the attached notes to the Financial Statements

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Accumulated Profits \$	Total \$
<b>Balance 1 July 2015</b>		951,320	951,320
Net profit / (loss) after income tax		(12,107)	(12,107)
<b>Balance 30 June 2016</b>		939,213	939,213
Net profit / (loss) after income tax		(43,148)	(43,148)
<b>Balance 30 June 2017</b>		<u>896,065</u>	<u>896,065</u>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 Statement of Significant Accounting Policies**

**Basis of Preparation**

This financial report is a general purpose financial report that has been prepared in accordance with all Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Statement of Compliance**

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB) being AASB 1053 Applications of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

**Income Tax**

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

**Inventories**

Inventories are measured at the lower of cost and current replacement value.

**Trade Debtors and Other Receivables**

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

**Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
**(ACN 000 956 301)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Property, Plant and Equipment**

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold Improvements	10 to 20 years
Plant and Equipment	3 to 15 years
Poker Machines	4 to 8 years

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generated unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generated units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income in the administration expense line item.

**Borrowing Costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

**Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Revenue from membership subscriptions is recognised upon receipt of money for the period in which the membership relates.

Interest income is recognised as it accrues.

Other revenue is recognised as it accrues.

**Employee Benefits**

***Short Term***

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

***Other Long Term***

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of Australian bond rates matching the estimated future cash outflows have been used.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**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 Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

**Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred.

**Accounts Payable**

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

**2 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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.

**Significant accounting estimates and assumptions**

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Useful lives of property, plant and equipment**

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

**3 Other Information**

The Club, being a Company Limited by Guarantee, has its principal place of business at 175 Scott Street, Newcastle East NSW 2300.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>4 Operating Revenue</b>		
Bar Sales	534,407	523,267
Poker Machine Net Revenue	517,327	544,397
Keno and TAB Commission	55,744	55,523
Raffle & Bingo Sales	82,460	82,247
Interest Received	15,700	15,591
Proceeds on Sale of Assets	-	6,820
Other	37,311	48,094
Total	1,242,949	1,275,939
<b>5 Income Tax Expense</b>		
a) The aggregate amount of income tax attributable to the financial year differs to the amount calculated on the operating profit. The difference is reconciled as follows:-		
Operating profit/(loss) before income tax	(43,148)	(12,107)
Income Tax thereon @ 27.5% (2016: 30%)	(11,866)	(3,632)
Apportionment Adjustment Members Income and Expenses	1,191	(4,454)
Timing Differences	(1,135)	(1,140)
Income tax benefit not recognised in current year	11,810	9,226
Income Tax Expense/(Benefit)	-	-
b) The Directors estimate that the potential Deferred Tax Asset at 30 June 2017 in respect of tax losses not brought into account is:-		
	20,267	9,226
The benefit for tax losses will only be obtained if:-		
i) the Company drives future assessable income in the nature and of amount sufficient to enable the benefit from deductions for the losses to be realised;		
ii) the Company continues to comply with the conditions for deductibility imposed by the tax legislation; and		
iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.		
<b>6 Operating Profit</b>		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:-		
<b>Credits</b>		
Interest Received/Receivable	15,700	15,591
Profit on Sale of Assets	-	6,820
<b>Charges</b>		
Interest Paid/Payable	-	-
Depreciation		
- Plant, Poker Machines and Leasehold Improvements	85,445	84,015
Total Depreciation	85,445	84,015
Loss on Sale of Assets	397	394
<b>7 Cash and Cash Equivalents</b>		
Cash on Hand and at Bank	86,663	108,962
	86,663	108,962
<b>8 Trade and Other Receivables</b>		
<b>Current</b>		
Other Debtors	21,501	6,791
GST Refundable	-	2,586
Income Tax Refundable	260	789
	21,761	10,166

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$		
<b>9 Inventories</b>				
Stock on Hand - Bar	14,563	14,379		
	14,563	14,379		
<b>10 Investments</b>				
Term Deposit > 3 Months	530,253	537,920		
	530,253	537,920		
<b>11 Other Assets</b>				
Prepayments	28,151	26,594		
	28,151	26,594		
<b>12 Property, Plant and Equipment</b>				
	Poker Machines	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2017</b>				
At 1 July 2016,				
Net of Accumulated Depreciation/Amortisation	260,819	33,248	93,845	387,912
Additions	4,500	2,018	15,065	21,583
Disposals	-	-	(397)	(397)
Depreciation/Amortisation	(58,739)	(2,529)	(24,177)	(85,445)
At 30 June 2017				
Net of Accumulated Depreciation/Amortisation	206,580	32,737	84,336	323,653
<b>At 1 July 2016</b>				
Cost or Fair Value	407,895	60,746	407,889	876,530
Accumulated Depreciation/Amortisation	(147,076)	(27,498)	(314,044)	(488,618)
Net Carrying Amount	260,819	33,248	93,845	387,912
<b>At 30 June 2017</b>				
Cost or Fair Value	412,395	62,764	419,185	894,344
Accumulated Depreciation/Amortisation	(205,815)	(30,027)	(334,849)	(570,691)
Net Carrying Amount	206,580	32,737	84,336	323,653
<b>13 Trade and Other Payables</b>				
<b>Current</b>				
Trade Creditors		63,243		79,515
		63,243		79,515
<b>14 Borrowings</b>				
<b>Current</b>				
Finance Lease		6,441		24,826
		6,441		24,826
<b>Non Current</b>				
Finance Lease		-		5,153
		-		5,153
<b>15 Provisions</b>				
<b>Current</b>				
Provision for Annual Leave		22,036		20,075
Provision for Long Service Leave		9,063		7,516
Provision for Income Tax		-		-
		31,099		27,591
<b>Non Current</b>				
Provision for Long Service Leave		5,332		6,198
		5,332		6,198

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

		2017 \$	2016 \$
<b>16 Other Liabilities</b>			
Subscriptions in Advance		2,864	3,437
		2,864	3,437

**17 Commitments for Expenditure**

**Capital Commitments**

Capital expenditure contracted for at reporting date but not recognised as liabilities as follows

Property, Plant and Equipment within one year	-	-
	-	-

**Lease Commitments**

Total commitments in relation to non-cancellable finance lease agreements are as follows:-

Not later than one year	6,441	24,826
Later than one year and not later than five	-	5,153
Total Operating Lease Liabilities	6,441	29,979

Total commitments in relation to non-cancellable operating lease agreements are as follows:-

Not later than one year	9,259	-
Later than one year and not later than five	22,063	-
Total Operating Lease Liabilities	31,322	-

The Club has an operating lease with City of Newcastle RSL Sub Branch for the Club premises which commenced 1 January 2017 with a monthly rental of \$9,280 (excluding GST) and a term of 5 years with two 5 year option periods.

**18 Contingent Liabilities**

**Bonus Points**

At 30 June 2017, the Club had a contingent liability in relation to bonus points of \$7,209, which may be redeemed by members at any time.

**Bank Guarantee**

The Company has a bank guarantee for \$5,000 issued in favour of TAB Limited. The guarantee is provided by the National Australia Bank.

**19 Related Parties**

**Directors**

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors Report.

**Other**

Details of related party transactions which occurred between the Returned Services League of Australia New South Wales Sub Branch - The City of Newcastle RSL Sub Branch and the Company are set out below:

Rent paid to Sub Branch	109,864	107,053
Administration Fee from the Sub Branch	6,545	6,273

**Key Management Personnel**

The total remuneration paid to key management personnel of the Company during the year was as follows:

Short term employee benefits	59,499	58,279
Long term employee benefits	1,175	890
Post employment benefits	5,571	5,477
	66,245	64,646

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**DETAILED PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>TRADING ACCOUNT</b>		
<b>STATEMENT OF BAR TRADING</b>		
Sales	534,407	523,267
<b>LESS COST OF SALES</b>		
Opening Stock	14,379	18,921
Purchases	225,718	223,395
	<u>240,097</u>	<u>242,316</u>
Closing Stock	14,563	14,379
Cost of Goods Sold	<u>225,534</u>	<u>227,937</u>
<b>GROSS PROFIT</b>	<u>308,873</u>	<u>295,330</u>
<b>DIRECT EXPENSES</b>		
Promotions	2,355	2,999
Wages	159,844	152,528
<b>TOTAL DIRECT EXPENSES</b>	<u>162,199</u>	<u>155,527</u>
<b>NET PROFIT</b>	<u><u>146,674</u></u>	<u><u>139,803</u></u>
<b>STATEMENT OF POKER MACHINE TRADING</b>		
Net Revenue	516,945	545,542
Hopper Movement	382	(1,145)
	<u>517,327</u>	<u>544,397</u>
<b>DIRECT EXPENSES</b>		
Central Monitoring Fees	10,876	10,559
Promotions	3,379	4,712
Repairs and Maintenance	11,209	10,853
Wages	79,922	76,271
Less: Gaming Tax Rebate	(17,180)	(17,180)
<b>TOTAL DIRECT EXPENSES</b>	<u>88,206</u>	<u>85,215</u>
<b>NET PROFIT</b>	<u><u>429,121</u></u>	<u><u>459,181</u></u>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**DETAILED PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>STATEMENT OF KENO OPERATIONS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Commission	33,653	34,503
<b>DIRECT EXPENSES</b>		
Promotions	-	295
Repairs and Maintenance	3,220	2,017
Wages	13,320	12,719
<b>TOTAL DIRECT EXPENSES</b>	<u>16,540</u>	<u>15,031</u>
<b>NET PROFIT/(LOSS)</b>	<u>17,113</u>	<u>19,472</u>
<b>STATEMENT OF RAFFLES AND BINGO</b>		
Sales	82,460	82,247
<b>DIRECT EXPENSES</b>		
Cost of Prizes	90,609	87,629
<b>TOTAL DIRECT EXPENSES</b>	<u>90,609</u>	<u>87,629</u>
<b>NET PROFIT/(LOSS)</b>	<u>(8,149)</u>	<u>(5,383)</u>
<b>STATEMENT OF TAB OPERATIONS</b>		
Commission	22,091	21,020
<b>DIRECT EXPENSES</b>		
Repairs and Maintenance	1,100	1,310
Sky Channel	29,760	29,282
Wages	13,320	12,719
<b>TOTAL DIRECT EXPENSES</b>	<u>44,180</u>	<u>43,310</u>
<b>NET PROFIT/(LOSS)</b>	<u>(22,089)</u>	<u>(22,291)</u>
<b>TOTAL TRADING PROFIT</b>	<u>562,670</u>	<u>590,782</u>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**DETAILED PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>INCOME</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>TOTAL TRADING PROFIT</b>	562,670	590,782
Bistro Rent	23,272	23,002
Commissions	201	220
Interest Received	15,700	15,591
Insurance Recoveries	-	9,858
Members Subscriptions	7,293	7,793
Profit on Sale of Assets	-	6,820
Sponsorship and Donations	-	851
Sundry Income	6,545	6,273
Telephone Receipts	-	100
<b>TOTAL INCOME</b>	<u>615,681</u>	<u>661,289</u>
 <b>LESS EXPENSES</b>		
 <b>MEMBERS AMENITIES</b>		
Coffee Machine Expenses	708	922
Entertainment	13,209	12,967
Fox Sport	21,804	21,172
Members Only Promotions	50,955	44,894
Members Amenities	906	1,559
	<u>87,582</u>	<u>81,514</u>
 <b>CLUBHOUSE</b>		
Cleaning	37,458	40,065
Depreciation	85,445	84,015
Electricity Gas and Heating	47,872	46,742
Rates	1,873	1,765
Rent	109,864	107,053
Repairs and Maintenance	42,892	51,834
Security	3,604	3,093
	<u>329,008</u>	<u>334,567</u>

**CITY OF NEWCASTLE RSL SUB BRANCH CLUB LIMITED**  
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**DETAILED PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017 \$	2016 \$
<b>ADMINISTRATION</b>		
Advertising and Promotions	2,775	825
Annual Leave	6,041	(800)
Audit and Accountancy	21,922	20,530
Bank Charges	1,387	1,842
Cash Shortages	(350)	1,185
Computer Software	5,845	7,126
Directors Expenses	2,344	7,323
Donations	8,991	8,800
Insurance	25,179	24,689
Insurance - Workers Compensation	6,405	7,242
Legal Fees	4,104	6,500
Long Service Leave	4,110	4,300
Loss on Sale of Assets	397	5,976
Postage and Stationary	12,573	14,168
Professional Fees	9,956	19,949
Staff Training	185	2,060
Subscriptions and Licences	6,146	5,865
Superannuation	31,557	29,922
Telephone	7,205	7,693
Uniforms	161	-
Wages	85,306	82,120
	<u>242,239</u>	<u>257,315</u>
<b>TOTAL EXPENSES</b>	<u>658,829</u>	<u>673,396</u>
<b>OPERATING PROFIT/(LOSS) BEFORE INCOME TAX</b>	<u>(43,148)</u>	<u>(12,107)</u>
<b>INCOME TAX EXPENSE</b>	-	-
<b>OPERATING PROFIT/(LOSS) AFTER INCOME TAX</b>	<u>(43,148)</u>	<u>(12,107)</u>
<b>RETAINED PROFITS AT THE BEGINNING OF FINANCIAL YEAR</b>	939,213	951,320
<b>RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR</b>	<u>896,065</u>	<u>939,213</u>