



## **Financial Statements**

**For the Year Ended 31 December 2017**

**Moss Vale Services Club Ltd**

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**For the Year Ended 31 December 2017**

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## Moss Vale Services Club Ltd

# Directors' Report

## 31 December 2017

The directors present their report on Moss Vale Services Club Ltd for the financial year ended 31 December 2017.

### 1. General information

#### Directors

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

<b>Names</b>	<b>Position</b>	
Frank G Shepherd	President	
Eric Campbell	Vice President	
Des Bentley	Treasurer	
Karen Whitby	Director	Resigned on 23 April 2017
Janice E Grunsell	Director	
John Williams	Vice President	Resigned on 17 October 2017
Roger McAndrew	Director	
Lorraine C Matthews	Director	Appointed 23 April 2017

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

#### Information on directors

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

##### **Frank G Shepherd**

Qualifications Self-employed  
Experience 30 years

##### **Eric Campbell**

Qualifications Retired  
Experience 20 years

##### **Des Bentley**

Qualifications Retail  
Experience 17 years (non-continuous)

##### **Karen Whitby**

Qualifications Computer Operator  
Experience 17 years

##### **Janice E Grunsell**

Qualifications Retired  
Experience 7 years

##### **John Williams**

Qualifications Retired Publican  
Experience 6 years

## Moss Vale Services Club Ltd

# Directors' Report

31 December 2017

### 1. General information

#### Information on directors

##### **Roger McAndrew**

Qualifications	Fitter and Turner
Experience	4 years

##### **Lorraine C Matthews**

Qualifications	Office Manager
Experience	8 months

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

#### Principal activities

The principal activity of Moss Vale Services Club Ltd during the financial year was that of operating a licenced club.

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

#### Short term and long term objectives

The Club has identified the following objectives:

- The principal objectives of the Club are that of a Licenced Club being a Services Club, to assist the RSL Sub Branch, schools, cultural and chartiy organisations as well as establishing a viable community partnership with other businesses in Moss Vale.
- To provide services to members commensurate with industry needs and regulatory requirements.

#### Strategy for achieving the objectives

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

- Provide members with a Club that meets todays expectations of Facilities and Services
- To meet financial viability and accountability requirements
- To provide a workplace that is compliant with industry and legislative requirements.

#### Performance measures

The Board, together with management use Critical Success Factors analysis in the areas of:

- Finance
- Customer Service
- Internal Buisness Processes
- Innovation.

Using key performance indicators (KPIs) in the above areas provides the board with information needed to react to opportunities or concerns. Industry benchmarking data comparison reports provide up to date relative information specifically to the Club industry

## **Moss Vale Services Club Ltd**

# **Directors' Report**

**31 December 2017**

### **2. Operating results and review of operations for the year**

#### **Operating results**

The profit of the Company after providing for income tax amounted to \$ 217,517 (2016: \$ 134,220).

#### **Review of operations**

A review of the operations of the Company during the financial year and the results of those operations show that income has increased by \$327,805 and total expenses have increased by \$244,508. Further details are noted in the various directors and management reports which accompany this report.

### **3. Other items**

#### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the Company during the year.

#### **Matters or circumstances arising after the end of the year**

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### **Dividends paid or recommended**

In accordance with the Memorandum of Association no dividend is payable.

#### **Company secretary**

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

Mr Phillip Hill has worked for Moss Vale Services Club Ltd for the past 14 years, performing management roles. Mr Hill was appointed company secretary on 1 September 2003.

**Moss Vale Services Club Ltd**

**Directors' Report**  
**31 December 2017**

**Meetings of directors**

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

<b>Directors' Meetings</b>		
	<b>Number eligible to attend</b>	<b>Number attended</b>
Frank G Shepherd	12	12
Eric Campbell	12	11
Des Bentley	12	12
Karen Whitby	4	2
Janice E Grunsell	12	12
John Williams	9	9
Roger McAndrew	12	12
Lorraine C Matthews	8	7

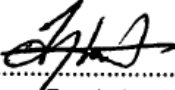
**Indemnification and insurance of officers and auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Moss Vale Services Club Ltd.

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2017 has been received and can be found on page 5 of the financial report.

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

Director .....  
  
Frank G Shepherd

Director .....  
  
Des Bentley

Dated this 3<sup>rd</sup> day of April 2018

# KELLY + PARTNERS

CHARTERED ACCOUNTANTS

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Moss Vale Services Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 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.

**Kelly Partners (South West Sydney) Partnership**



Daniel Kuchta  
Registered Auditor Number 335565  
Campbelltown

Dated this 3<sup>rd</sup> day of April 2018

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2017**

	2017	2016
Note	\$	\$
Sales revenue	775,288	742,496
Cost of sales	<u>(331,811)</u>	<u>(318,097)</u>
Gross profit	443,477	424,399
Poker machine revenue	3 2,991,834	2,773,783
Club Keno revenue	3 50,254	46,501
Promotions revenue	3 132,644	84,781
TAB revenue	3 32,533	33,220
Interest received	3 3,579	5,075
Other income	3 151,279	123,750
Marketing expenses	(117,130)	(115,794)
Occupancy costs	(45,513)	(33,593)
Administrative expenses	(979,497)	(928,055)
Finance costs	(15,489)	(27,993)
Bar expenses	(372,105)	(365,664)
Poker machine expenses	(794,097)	(760,269)
Club Keno expenses	(27,589)	(24,744)
Promotions expenses	(380,847)	(305,381)
TAB expenses	(48,868)	(50,563)
Other expenses	<u>(137,479)</u>	<u>(130,744)</u>
<b>Profit before depreciation and income tax</b>	<b>886,986</b>	<b>748,710</b>
Income tax expense	-	-
Depreciation	4 <u>(669,469)</u>	<u>(614,490)</u>
<b>Profit for the year</b>	<b><u>217,517</u></b>	<b><u>134,220</u></b>
<b>Other comprehensive income, net of income tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation changes for land and building	<u>1,645,663</u>	-
<b>Other comprehensive income for the year, net of tax</b>	<b><u>1,645,663</u></b>	-
<b>Total comprehensive income for the year</b>	<b><u>1,863,180</u></b>	<b><u>134,220</u></b>

The accompanying notes form part of these financial statements.



**Moss Vale Services Club Ltd**

**Statement of Financial Position**

**As At 31 December 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	1,195,419	860,101
Trade and other receivables	8	-	285
Inventories	9	40,803	43,091
Other assets	12	32,126	40,242
TOTAL CURRENT ASSETS		<u>1,268,348</u>	943,719
NON-CURRENT ASSETS			
Property, plant and equipment	10	13,896,318	12,553,421
Intangible assets	11	180,000	180,000
TOTAL NON-CURRENT ASSETS		<u>14,076,318</u>	12,733,421
TOTAL ASSETS		<u>15,344,666</u>	13,677,140
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	314,181	342,430
Borrowings	14	85,077	130,512
Short-term provisions	15	46,724	48,542
Other liabilities	16	42,113	39,472
TOTAL CURRENT LIABILITIES		<u>488,095</u>	560,956
NON-CURRENT LIABILITIES			
Borrowings	14	175,461	300,796
Long-term provisions	15	77,208	74,665
TOTAL NON-CURRENT LIABILITIES		<u>252,669</u>	375,461
TOTAL LIABILITIES		<u>740,764</u>	936,417
NET ASSETS		<u>14,603,902</u>	12,740,723
<b>EQUITY</b>			
Reserves		10,609,903	8,964,240
Retained earnings		3,993,999	3,776,483
TOTAL EQUITY		<u>14,603,902</u>	12,740,723

The accompanying notes form part of these financial statements.

Moss Vale Services Club Ltd

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

2017

	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2017</b>	<b>3,776,483</b>	<b>8,964,240</b>	<b>12,740,723</b>
Profit attributable to members of the entity	217,516	-	217,516
Revaluation increment	-	1,645,663	1,645,663
<b>Balance at 31 December 2017</b>	<b>3,993,999</b>	<b>10,609,903</b>	<b>14,603,902</b>
<b>Balance at 1 January 2016</b>	<b>3,642,263</b>	<b>8,964,240</b>	<b>12,606,503</b>
Profit attributable to members of the entity	134,220	-	134,220
<b>Balance at 31 December 2016</b>	<b>3,776,483</b>	<b>8,964,240</b>	<b>12,740,723</b>

The accompanying notes form part of these financial statements.

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

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts in the course of operations	4,463,414	4,168,266
Payments to suppliers and employees	(3,632,491)	(3,277,068)
Interest received	3,579	5,075
Interest paid	(15,489)	(27,993)
Net cash provided by/(used in) operating activities	19 <u>819,013</u>	<u>868,280</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	61,890	1,182
Purchase of property, plant and equipment	(374,814)	(456,140)
Net cash provided by/(used in) investing activities	<u>(312,924)</u>	<u>(454,958)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds/(repayments) of borrowings	(150,819)	(180,565)
Net proceeds/(repayments) of finance lease liabilities	(19,952)	40,600
Net cash provided by/(used in) financing activities	<u>(170,771)</u>	<u>(139,965)</u>
Net increase/(decrease) in cash and cash equivalents held	335,318	273,357
Cash and cash equivalents at beginning of year	<u>860,101</u>	<u>586,744</u>
Cash and cash equivalents at end of financial year	7 <u><u>1,195,419</u></u>	<u><u>860,101</u></u>

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

The financial report covers Moss Vale Services Club Ltd as an individual entity. Moss Vale Services Club Ltd is a not-for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Moss Vale Services Club Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### **1 Basis of Preparation**

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

### **2 Summary of Significant Accounting Policies**

#### **(a) Revenue and other income**

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

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

#### **Sale of goods**

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

#### **Interest revenue**

Interest is recognised using the effective interest method.

#### **Subscriptions**

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

#### **Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

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

#### **(b) Income Tax**

The principle of mutuality has been applied in calculating the taxable income of the company. Subscriptions and other amounts received from members are excluded from the assessable income of the company. The company is assessed for income tax purposes on income from non-members (including other investment income such as interest and rent.) Operating expenses are apportioned between member and non-member income. Accordingly, taxable income is not directly related to the operating result and can vary substantially from year to year.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**2 Summary of Significant Accounting Policies**

**(c) Goods and services tax (GST)**

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

Receivables and payable are stated inclusive of GST.

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

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

**(d) Cash and cash equivalents**

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

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

**(f) Property, plant and equipment**

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

**Land and buildings**

Land and buildings are measured using the revaluation model.

**Plant and equipment**

Plant and equipment are measured using the cost model.

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 2 Summary of Significant Accounting Policies

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

###### Depreciation

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

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	20%
Leased plant and equipment	20%
Poker machines	20%
Poker machine conversions	50%

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

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

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

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

##### (h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 2 Summary of Significant Accounting Policies

##### (h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

##### (i) Intangible Assets

###### Poker Machine Entitlements

Poker machine entitlements are considered as intangible assets as per AASB 138 and have been bought to account at cost. They are considered to have an indefinite life and as such are not amortised.

Social impact assessment study costs incurred in order to obtain additional entitlements have been accounted for as prepayments until the entitlements are acquired. The prepayment is then capitalised together with the cost of the entitlements.

##### (j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

##### (k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**3 Revenue and Other Income**

**Revenue from continuing operations**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sales revenue		
- Bar	775,288	742,496
- Poker machine revenue	2,991,834	2,773,783
- Club Keno revenue	50,254	46,501
- Promotions revenue	132,644	84,781
- TAB revenue	32,533	33,220
	<u>3,982,553</u>	<u>3,680,781</u>
Other revenue		
- Interest received	3,579	5,075
- Commission received	32,356	34,908
- Members' subscriptions	31,297	31,242
- Poker machine rebate	17,180	17,180
- Rental income	10,986	10,358
- Sundry revenue	5,682	28,881
- Profit/(loss) on sale of assets	53,779	1,182
	<u>154,859</u>	<u>128,826</u>
<b>Total Revenue</b>	<u><b>4,137,412</b></u>	<u><b>3,809,607</b></u>

**4 Result for the Year**

The result for the year was derived after charging / (crediting) the following items:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
- Interest paid	15,489	27,993

The result for the year includes the following specific expenses:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other expenses:		
Depreciation	669,469	614,490



## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 5 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor [Kelly + Partners], for:		
- auditing or reviewing the financial statements	26,300	26,300
- financials preparation	4,500	4,500
- taxation services	2,000	2,000
- other services	140	140
- over accrual of financials preparation	(2,170)	(2,200)
<b>Total</b>	<b>30,770</b>	<b>30,740</b>

### 6 Income Tax Expense

(a) Reconciliation of income tax expense to operating profit before income tax:

	2017	2016
	\$	\$
Operating profit/(loss) before income tax	217,517	134,220
Adjustments due to the mutuality principle		
Exempt income from members	(31,297)	(31,242)
Wholly assessable income	(69,791)	(92,377)
Exempt expenditure	265,348	275,236
Wholly deductible expenditure	156,816	142,910
	<b>538,593</b>	<b>428,747</b>
Proportion applicable to non-member 2.45% (2016: 3.10%)	<b>13,205</b>	<b>13,308</b>
Change in unrecognised deductible temporary difference :		
Prima facie income tax expense	<b>3,962</b>	3,992
Increase in income tax expense due to wholly assessable income :		
Interest, rent, commissions and GST rebate on gaining machines	<b>20,937</b>	27,713
Decrease in income tax expense due to wholly assessable income :		
Superannuation, rates and taxes and investment property expenses	<b>(45,220)</b>	(42,423)
	<b>(20,321)</b>	(10,718)
Amount transferred to future income tax benefit not brought to account	<b>20,321</b>	10,718
<b>Income tax expense attributable to profit from ordinary activities</b>	<b>-</b>	<b>-</b>
Tax losses carried forward	<b>670,862</b>	603,121

### 7 Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash on hand	165,120	128,180
Bank balances	1,030,299	731,921
	<b>1,195,419</b>	<b>860,101</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**8 Trade and Other Receivables**

	2017	2016
	\$	\$
CURRENT		
Other receivables	-	285
	<u>-</u>	<u>285</u>

**9 Inventories**

	2017	2016
	\$	\$
CURRENT		
At cost: Stock on hand	40,803	43,091
	<u>40,803</u>	<u>43,091</u>

**10 Property, plant and equipment**

	2017	2016
	\$	\$
LAND AND BUILDINGS		
Freehold land - At independent valuation	3,250,000	3,100,000
Buildings		
At independent valuation	9,570,000	8,915,000
At cost	-	23,610
Accumulated depreciation	-	(581,742)
Total buildings	<u>9,570,000</u>	<u>8,356,868</u>
Total land and buildings	<u>12,820,000</u>	<u>11,456,868</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	12,305	-
Plant and equipment		
At cost	1,987,531	2,386,413
Accumulated depreciation	(1,666,482)	(1,997,859)
Total plant and equipment	<u>321,049</u>	<u>388,554</u>
Property, plant and equipment		
At cost	2,033,110	2,110,201
Accumulated depreciation	(1,290,146)	(1,402,202)
Total plant and equipment	<u>1,076,318</u>	<u>1,096,553</u>
<b>Total property, plant and equipment</b>	<u><b>13,896,318</b></u>	<u><b>12,553,421</b></u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**10 Property, plant and equipment**

The company's land and buildings were revalued at 4 October 2017 by independent valuers. The 2017 valuation was used to assist the directors in determining a valuation of land and buildings as at 31 December 2017. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the the measurement date. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

The valuation was carried out by Global Valuation Services Pty Ltd. These valuations were based on the unencumbered use value of the buildings and market value of the land owned and occupied by the Company.

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Poker machines	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$
<b>Year ended 31 December 2017</b>						
Balance at the beginning of year	3,100,000	8,356,868	388,555	707,998	-	12,553,421
Additions	-	5,891	79,573	277,045	12,305	374,814
Disposals	-	-	(758)	(7,353)	-	(8,111)
Depreciation expense	-	(288,422)	(146,321)	(234,726)	-	(669,469)
Revaluation increase recognised in equity	150,000	1,495,663	-	-	-	1,645,663
<b>Balance at the end of the year</b>	<b>3,250,000</b>	<b>9,570,000</b>	<b>321,049</b>	<b>742,964</b>	<b>12,305</b>	<b>13,896,318</b>

**11 Intangible Assets**

	2017	2016
	\$	\$
Poker Machine Licenses - At cost	180,000	180,000
Accumulated amortisation and impairment	-	-
<b>Total Intangibles</b>	<b>180,000</b>	<b>180,000</b>

**12 Other Assets**

	2017	2016
	\$	\$
CURRENT Prepayments	32,126	40,242

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**13 Trade and Other Payables**

	2017	2016
	\$	\$
CURRENT		
Trade payables	169,331	195,705
Sundry payables and accrued expenses	87,563	90,200
GST liability	39,762	22,809
Other payables	17,525	33,715
	<u>314,181</u>	<u>342,430</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**14 Borrowings**

	2017	2016
	\$	\$
CURRENT		
Bank loans	64,429	109,342
Lease liability	20,648	21,170
<b>Total current borrowings</b>	<u>85,077</u>	<u>130,512</u>
NON-CURRENT		
Bank loans	175,461	281,366
Lease liability	-	19,430
<b>Total non-current borrowings</b>	<u>175,461</u>	<u>300,796</u>
<b>Total borrowings</b>	<u>260,538</u>	<u>431,308</u>

The following securities have been pledged by the Club in relation to the borrowings:

- a first registered mortgage over all land and improvement currently owned by the Club;
- a first registered fixed and floating charge over all present and future assets of the Club; and
- a bill of sale charge over the Club's Liquor and Gaming Licences

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 15 Provisions

	2017	2016
	\$	\$
CURRENT		
Employee entitlements	46,724	48,542
NON-CURRENT		
Employee entitlements	77,208	74,665
	<b>Employee entitlements</b>	<b>Total</b>
	\$	\$
<b>Total provisions</b>		
Opening balance at 1 January 2017	123,207	123,207
Additional provisions	725	725
<b>Balance at 31 December 2017</b>	<b>123,932</b>	<b>123,932</b>

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate: 1.30%

Discount rate: 3.81%

The discount rate used is the Milliman Group 100 Discount Rate for 10 years as at 31 December 2017.

### 16 Other Liabilities

	2017	2016
	\$	\$
CURRENT		
Subscription in advance	19,403	18,624
Member points liability	22,710	20,848
	<b>42,113</b>	<b>39,472</b>

### 17 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 142,358 (2016: \$ 128,074).

### 18 Contingencies

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

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 19 Cash Flow Information

#### (a) Reconciliation of cash

	2017	2016
	\$	\$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	1,195,419	860,101

#### (b) Reconciliation of result for the year to cashflows from operating activities

	2017	2016
	\$	\$
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	217,517	134,220
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	669,469	614,490
- net gain on disposal of property, plant and equipment	(53,779)	(1,182)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	285	7,368
- (increase)/decrease in other assets	-	200
- (increase)/decrease in prepayments	8,116	(5,328)
- (increase)/decrease in inventories	2,288	6,707
- increase/(decrease) in trade and other payables	(28,249)	85,306
- increase/(decrease) in other liabilities	2,641	3,535
- increase/(decrease) in provisions	725	22,964
Cashflows from operations	<u>819,013</u>	<u>868,280</u>

### 20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### 21 Bank Guarantee

At the request of the Company, the Company's bank is holding bank guarantees in favour of the Totalisator Agency Board of NSW at the value of \$5,000.

### 22 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 5 each towards meeting any outstandings and obligations of the Company. At 31 December 2017 the number of members was 4,802 (2016: 4,257).

**Moss Vale Services Club Ltd**

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2017**

### **23 Statutory Information**

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

Moss Vale Services Club Ltd

15 Yarrowa Street

MOSS VALE NSW 2577

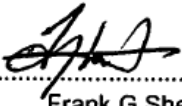
**Moss Vale Services Club Ltd**

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .....  
  
Frank G Shepherd

Director .....  
  
Des Bentley

Dated this 3<sup>rd</sup> day of April 2018



## Moss Vale Services Club Ltd

## Independent Audit Report to the members of Moss Vale Services Club Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Moss Vale Services Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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.

## **Moss Vale Services Club Ltd**

# **Independent Audit Report to the members of Moss Vale Services Club Ltd**

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.

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

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - 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.

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

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **Moss Vale Services Club Ltd**

### **Independent Audit Report to the members of Moss Vale Services Club Ltd**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Kelly Partners (South West Sydney) Partnership**



Daniel Kuchta  
Registered Auditor Number 335565  
Campbelltown

Dated this 3<sup>rd</sup> day of April 2018

# KELLY + PARTNERS

CHARTERED ACCOUNTANTS

## Disclaimer

### For the Year Ended 31 December 2017

The additional financial data presented on page 27 to 33 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2017. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Moss Vale Services Club Ltd) in respect of such data, including any errors or omissions therein however caused.

### Kelly Partners (South West Sydney) Partnership



Daniel Kuchta  
Registered Auditor Number 335565  
Campbelltown

Dated this 3<sup>rd</sup> day of April 2018

**Moss Vale Services Club Ltd**  
**For the Year Ended 31 December 2017**

**Detailed trading account**

	2017	2016
	\$	\$
<b>Bar</b>		
<b>Sales revenue</b>		
Sales	775,288	742,496
<b>Cost of sales</b>		
Opening stock	41,772	48,573
Purchases	329,341	311,296
Closing stock	(39,301)	(41,772)
<b>Cost of goods sold</b>	<u>331,812</u>	<u>318,097</u>
<b>Gross profit</b>	<u>443,476</u>	<u>424,399</u>
<b>Less: Direct expenses</b>		
Depreciation	3,783	3,042
Employee entitlements	(831)	7,460
General expenses	12,205	11,273
Repairs and maintenance	6,280	2,201
Replacements	1,930	3,576
Salaries and wages	316,481	306,599
Stocktaking expenses	6,219	5,880
Superannuation contributions	29,821	28,675
	<u>375,888</u>	<u>368,706</u>
<b>Net profit / (loss)</b>	<u><u>67,588</u></u>	<u><u>55,693</u></u>

**Moss Vale Services Club Ltd**  
**For the Year Ended 31 December 2017**

**Detailed trading account**

	2017	2016
	\$	\$
<b>Poker Machines</b>		
<b>Income</b>		
Poker machines - net	<u>2,991,834</u>	<u>2,773,783</u>
<b>Less: Direct expenses</b>		
Depreciation	234,726	194,725
Employee entitlements	(156)	1,404
Monitoring	41,403	40,195
Link fees	78,955	99,224
Repairs and maintenance	33,675	33,623
Stationery	1,260	1,125
Salaries and wages	110,062	105,464
Superannuation contributions	9,625	9,244
Turnover tax	484,348	449,408
Community welfare expenditure	<u>34,926</u>	<u>20,582</u>
	<u>1,028,824</u>	<u>954,994</u>
<b>Net profit / (loss)</b>	<u><u>1,963,010</u></u>	<u><u>1,818,789</u></u>

**Moss Vale Services Club Ltd**  
**For the Year Ended 31 December 2017**

**Detailed trading account**

	2017	2016
	\$	\$
<b>Club Keno</b>		
<b>Income</b>		
Commissions received	50,254	46,501
<b>Less: Direct expenses</b>		
Employee entitlement	(42)	375
Promotions	3,120	702
Printing, postage and stationery	1,060	1,731
Repairs and maintenance	4,773	4,448
Salaries and wages	17,159	16,029
Superannuation contributions	1,519	1,458
	<u>27,589</u>	<u>24,743</u>
<b>Net profit / (loss)</b>	<u><u>22,665</u></u>	<u><u>21,758</u></u>

**Moss Vale Services Club Ltd**  
**For the Year Ended 31 December 2017**

**Detailed trading account**

	2017	2016
	\$	\$
<b>Promotions</b>		
<b>Income</b>		
Bingo	33,716	9,382
Meat market	59,605	61,450
Raffles	6,753	7,274
Commissions received	25,982	-
Gift shop sales	6,588	6,675
	<u>132,644</u>	<u>84,781</u>
<b>Less: Direct expenses</b>		
Bingo	102,385	60,239
Meat market	65,108	55,871
Lucky badge draw	76,286	76,232
Raffles	4,696	4,724
Sundry promotions	103,046	101,623
Super Sunday expenses	23,540	144
Gift shop purchases - net	5,787	6,547
	<u>380,848</u>	<u>305,380</u>
<b>Net profit / (loss)</b>	<u>(248,204)</u>	<u>(220,599)</u>



**Moss Vale Services Club Ltd**  
**For the Year Ended 31 December 2017**

**Detailed trading account**

	2017	2016
	\$	\$
<b>TAB</b>		
<b>Income</b>		
Commissions received	32,533	33,220
<b>Less: Direct expenses</b>		
Depreciation	3,469	2,977
Employee entitlements	40	326
Flexifast fees	2,836	2,836
Giddy up ratings	2,011	4,423
Promotions	2,500	2,104
Salaries and wages	14,664	14,394
Stationery	7,091	7,241
Sky channel rental	18,414	17,980
Superannuation contributions	1,311	1,257
	<u>52,336</u>	<u>53,538</u>
<b>Net profit / (loss)</b>	<u><b>(19,803)</b></u>	<u><b>(20,318)</b></u>

## Profit and Loss Account

For the Year Ended 31 December 2017

	2017	2016
	\$	\$
Net profit from bar	67,588	55,693
Net profit from poker machines	1,963,010	1,818,789
Net profit from Club Keno	22,665	21,758
Net (loss) from promotions	(248,204)	(220,599)
Net (loss) from TAB	(19,803)	(20,318)
<b>Net profit from trading</b>	<b>1,785,256</b>	<b>1,655,323</b>
<b>Other income</b>		
Interest received	3,579	5,075
Poker machine rebate	17,180	17,180
Rental income	10,986	10,358
Commission received	32,356	34,908
Sundry revenue	5,682	28,881
Members' subscriptions	31,297	31,242
Profit/(loss) on sale of assets	53,779	1,182
<b>Total other income</b>	<b>154,859</b>	<b>128,826</b>
<b>Total operating income</b>	<b>1,940,115</b>	<b>1,784,149</b>
<b>Less: Expenses</b>		
Advertising	117,130	115,794
Auditors remuneration	30,770	30,740
Austar	25,014	24,979
Bank charges	5,564	4,728
Borrowing expenses	327	1,633
Cash shortages	2,649	2,166
Cleaning	35,665	30,097
Computer expenses	19,512	15,322
Contract cleaning	80,410	97,517
Depreciation	427,491	413,746
Dining, snack and beverage expenses	7,908	13,363
Directors' benefits	7,570	5,995
Donations	1,642	2,155
Electricity & gas	126,586	115,184
Employee entitlements	1,713	13,579
Fees and Permits	40,003	32,147
Insurance	62,109	57,259
Interest paid	15,489	27,993
Internet	1,163	818
Kitchen equipment	6,644	6,161
Legal expenses	980	140
Member expenses	99,490	86,711
Mortality	800	800
Payroll tax	8,721	5,111
Printing, postage and stationery	8,039	7,553
Promotions, functions and activities	19,652	21,396
Rates and taxes	45,513	33,593
Repairs and maintenance	91,013	71,669
Salaries and wages	341,097	320,777

**Moss Vale Services Club Ltd**

**Profit and Loss Account**

**For the Year Ended 31 December 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Security	<b>17,378</b>	18,757
Staff expenses	<b>10,801</b>	8,185
Superannuation contributions	<b>53,272</b>	52,148
Telephone and fax	<b>5,503</b>	5,774
Training	<b>4,768</b>	5,832
Wreaths/flowers	<b>212</b>	105
<b>Net profit / (loss)</b>	<b>217,517</b>	134,220