WARILLA SPORTS CLUB LIMITED

ABN: 20 001 077 943

Financial Report For The Year Ended 31 August 2015

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DIRECTORS' REPORT

Your directors present their report on the entity WARILLA SPORTS CLUB LIMITED for the financial year ended 31 August 2015.

General Information

Directors

The following persons were directors of Warilla Sports Club Limited during or since the end of the financial year up to the date of this report:

Andrew Gann	President Director of Club since 28.11.2004 Occupation - Supervisor/Co-ordinator
Clarence Bailey	Vice-President Director of Club since 28.11.2004 Occupation - Retired
Stephen Anderson	Treasurer Director of Club since 26.11.2006 Occupation - Operations Manager
Wayne Balmer	Director of Club since 29.11.1998 Occupation - Clerk
John Spinks	Director of Club since 28.11.2010 Occupation - Retired
Trevor Treleaven deceased (1/11/2014)	Director of Club since 20.11.2002 Occupation - Retired
Gregory Hattenfels resigned (23/11/2014)	Director of Club since 28.11.2010 Occupation - Unemployed
Malcolm McCormick resigned (23/11/2014)	Director of Club since 25.11.2012 Occupation - Plant Operator
David Monaghan appointed (23/11/2014)	Director of Club since 23.11.2014 Occupation - Labourer
Leanne Shooter appointed (23/11/2014)	Director of Club since 23.11.2014 Occupation - Development Officer

Company Secretary

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

Mr Gary Leighton held the position of company secretary at the end of the financial year. Mr Leighton performs all management and secretarial roles in all aspects of the business. He was appointed secretary on 27th May 2013.

Principal Activities

The principal activities of the company during the financial year was that of registered club and no significant change in that activity occurred during the year.

Operating Results

The net profit for the year was $467,260 (2014: profit $103,960) after provision for income tax benefit.

The increase in net profit is mainly attributable by the decrease of operating expenses. The club was still able to meet commitments to community, sporting and charitable organisations, as well as providing members with quality entertainment and facilities at the lowest prices possible, having regard to increasing costs and government charges which continue to burden the club industry.

Significant Changes in Nature of Activities

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.

Future Developments, Prospects and Business Strategies
The short term and long term objectives of the Club is to continue to provide facilities and amenities to members and strengthen the Club's financial position by mainly increasing gaming performance. Support of community organisations and sporting bodies is also considered a Club objective.

The strategy for achieving these objectives is to conservatively manage and monitor the Club's financial position to enable services and amenities to be maintained. The management plans to increase poker machine performance by keeping poker machine games updated. Minimum budget was also set for poker machine purchases.

The Club uses industry accepted KPIs to monitor performance.

After Balance Date Events

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

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Meetings of Directors
Attendances by each director during the year were as follows:

	Attended	Possible
Andrew Gann	13	13
Clarence Bailey	13	13
Stephen Anderson	13	13
Wayne Balmer	13	13
John Spinks	13	13
Trevor Treleaven deceased (1/11/2014)	1	3
Gregory Hattenfels resigned (23/11/2014)	3	3
Malcolm McCormick resigned (23/11/2014)	3	3
David Monaghan appointed (23/11/2014)	10	10
Leanne Shooter appointed (23/11/2014)	10	10

Members
The number of members of each class registered in the register of members at 31st August, 2015 is as follows:

Life Members	8
Ordinary Members	15,108
	15,116

Life Members of the club are:

A. E. Ward*	C. J. Brett
B. Hughes*	M. R. Pickford
R. T. Burchell	P. J. Ring*
B. K. Cruthers*	R. E. Pickford*
B. J. O'Malley*	R. W. Jeffree
B. S. Dowd	A. Williams
W. Balmer	T. Treleaven*

* Denotes deceased life member

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year the company has paid premiums to insure each director and officer of the company against costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of officer of the company other than conduct involving a wilful breach of duty in relation to the company. The amount of premium paid was $2,961 (2014: $2,933).

Proceedings on Behalf of Company
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence as the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1 : Professional Independence.

The following fees were paid or payable to O'Donnell Hennessy & Co for non-audit services provided during the year ended 31 August 2015:

	$
Accountancy Services	23,790
Taxation Services	2,220
Company Secretarial Services	170
	26,180

REMUNERATION REPORT

Remuneration Policy

The Directors of Warilla Sports Club Limited are not financially remunerated for their services.

Performance-based Remuneration

Remuneration of employees is based on award and agreed rates with no reference to performance.

Details of remuneration for year ended 31 August 2015

No director was financially remunerated for their services provided in the 2015 financial year.
No director or employee is remunerated using performance based bonuses.

Options issued as part of remuneration for the year ended 31 August 2015

No options are issued to directors or executives in any form.

Employment contracts of directors and senior executives

No directors are financially remunerated for their services to the club, hence they have no employment contracts. The Club's chief executive officer has a written employment contract with no reference to performance.

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 31 August 2015 has been received and can be found on page 4 of the Financial Report.

Director

Andrew Gann

Dated this

Director

Stephen Anderson

Dated this

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943

I declare that, to the best of my knowledge and belief, during the year ended 31 August 2015 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Name of Firm O'Donnell Hennessy & Co

Name of Partner Karl Taylor

Date

Address WOLLONGONG

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 $	2014 $
Revenue	2	4,342,250	4,156,133
Other income	2	136,247	109,817
Changes in inventories		(730,570)	(755,512)
Employee benefits expense		(859,828)	(811,525)
Finance costs	3	(133,315)	(149,460)
Depreciation and amortisation expense		(428,757)	(419,820)
Other expenses		(1,858,767)	(2,025,672)
Profit before income tax	3	467,260	103,960
Tax expense	4	-	-
Net Profit for the year	3	467,260	103,960
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain on land and buildings, net of tax		-	(11,591)
Other comprehensive income for the year		-	(11,591)
Total comprehensive income for the year		467,260	92,369

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	677,561	281,214
Trade and other receivables	8	8,109	11,476
Inventories	9	46,361	56,641
Other assets	13	60,357	63,878
TOTAL CURRENT ASSETS		792,388	413,209
NON-CURRENT ASSETS			
Property, plant and equipment	10	5,051,794	4,759,218
Investment property	11	1,034,463	1,034,463
Intangible assets	12	111,637	111,637
TOTAL NON-CURRENT ASSETS		6,197,894	5,905,318
TOTAL ASSETS		6,990,282	6,318,527
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	731,423	354,323
Borrowings	15	1,900,681	253,964
Provisions	16	154,319	147,583
Membership received in advance		34,826	55,144
TOTAL CURRENT LIABILITIES		2,821,249	811,014
NON-CURRENT LIABILITIES			
Borrowings	15	-	1,800,816
Deferred tax liabilities		23,052	23,052
Other provisions	16	21,301	26,224
TOTAL NON-CURRENT LIABILITIES		44,353	1,850,092
TOTAL LIABILITIES		2,865,602	2,661,106
NET ASSETS		4,124,680	3,657,420
EQUITY			
Reserves	23	103,775	103,775
Retained earnings		4,020,905	3,553,645
TOTAL EQUITY		4,124,680	3,657,420

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2015

		Reserves	
	Retained Earnings	Revaluation Surplus	Total
	$	$	$
Balance at 1 September 2013	3,449,685	115,366	3,565,051
Comprehensive income			
Profit for the year	103,960	-	103,960
Other comprehensive income for the year	-	(11,591)	(11,591)
Total comprehensive income for the year	103,960	(11,591)	92,369
Balance at 31 August 2014	3,553,645	103,775	3,657,420
Balance at 1 September 2014	3,553,645	103,775	3,657,420
Comprehensive income			
Profit for the year	467,260	-	467,260
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	467,260	-	467,260
Balance at 31 August 2015	4,020,905	103,775	4,124,680

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,448,133	4,229,142
Payments to suppliers and employees		(3,076,769)	(3,512,818)
Interest received		298	165
Finance costs		(133,315)	(149,460)
Net cash provided by/(used in) operating activities	19a	1,238,347	567,029
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		35,500	51,762
(Purchase of poker machine entitlements)		-	(63,636)
Purchase of property, plant and equipment		(723,401)	(363,966)
Net cash provided by/(used in) investing activities		(687,901)	(375,840)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(154,099)	(249,923)
Net cash provided by/(used in) financing activities		(154,099)	(249,923)
Net increase/(decrease) in cash held		396,347	(58,734)
Cash and cash equivalents at beginning of financial year	7	281,214	339,948
Cash and cash equivalents at end of financial year	7	677,561	281,214

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Warilla Sports Club Limited.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation
These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

(a) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at directors' valuation less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	5-100%
Poker machines	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

(f) Leases

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

Finance leases are capitalised by recognising 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.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

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

(g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(i) Intangibles Other than Goodwill

Intangible assets required separately are initially measured at cost. The cost of an intangible asset acquired is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any scheduled amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and thus accounted for on a prospective basis.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Provisions

Provisions are recognised when the entity 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 using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(l) for further discussion on the determination of impairment losses.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(r) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

(i) Impairment - General

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

(i) Provision for Impairment of Receivables

No provision for impairment has been made.

(ii) Poker machine licences

The entity holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW Government. AIFRS requires that licences outside of a pre-AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss statement to recognise the grant immediately as income. Prior to new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre-April 2002 was zero. Should licences be granted to the entity post April 2002 they will be initially recognised at their fair value. The entity has determined that the market value for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

(s) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	2015 $	2014 $
(a) Revenue		
Sales revenue		
— poker machine revenue	2,256,320	2,071,010
— tab & keno commissions	144,666	137,785
— bar sales	1,654,304	1,616,042
Total sales revenue	4,055,290	3,824,838
Other revenue		
— interest received	298	165
— members subscriptions	32,935	26,406
— courtesy bus income	-	4,005
— other commissions & vending machines	86,862	106,197
— social & entertainment	166,865	194,522
Total other revenue	286,960	331,295
Total sales revenue and other revenue	4,342,250	4,156,133
Other income		
— gain on disposal of property, plant and equipment	33,432	31,487
— Rental revenue	31,172	38,340
— poker machine GST compensation	17,180	17,180
— other income	54,463	22,811
Total other income	136,247	109,817

Note 3 Profit for the Year

	2015 $	2014 $
(a) Expenses		
Cost of sales	730,570	755,512
Interest expense on financial liabilities not at fair value through profit or loss:		
— Unrelated parties	133,315	149,460
Total interest expense	133,315	149,460
Employee benefits expense	859,828	811,525

Note 4 Tax Expense

	2015 $	2014 $
(a) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	140,178	31,188
	140,178	31,188
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	30,680	33,075
— non-allowable items	-	4,687
	170,858	68,950
Less:		
Tax effect of:		
— Deductible items	5,325	-
— Capital allowance deduction	33,117	32,996
— Net income from members not subject to income tax	132,417	35,953
Income tax attributable to entity	-	-
(b) Future tax benefit not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:		
Tax losses carried forward	116,524	120,891
Timing difference	38,355	37,090
	154,879	157,981
Future tax benefit @ 30%	46,464	47,394

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to KMP of the company and the Company during the year are as follows:
The Key Management Personnel (KPM) of the company during the year are:

Andrew Gann	Director (No remuneration)
Clarence Bailey	Director (No remuneration)
Trevor Treleaven	Director (No remuneration)
Stephen Anderson	Director (No remuneration)
Wayne Balmer	Director (No remuneration)
Gregory Hattenfels	Director (No remuneration)
John Spinks	Director (No remuneration)
Malcolm McCormick	Director (No remuneration)
Gary Leighton	Secretary/General Manager (Remunerated)

	2015 $	2014 $
Total remuneration	125,928	120,888
Total KMP compensation	125,928	120,888

Note 6 Auditors' Remuneration

	2015 $	2014 $
Remuneration of the auditor for:		
— audit services	14,130	13,720
— other services	26,180	25,440
	40,310	39,160

Note 7 Cash and Cash Equivalents

	2015 $	2014 $
Cash on hand	125,790	136,681
Cash at bank	551,771	144,533
	677,561	281,214

Note 8 Trade and Other Receivables

	2015 $	2014 $
CURRENT		
Trade receivables	6,060	11,476
Other receivables	2,049	-
Total current trade and other receivables	8,109	11,476

Note 9 Inventories

	2015 $	2014 $
CURRENT		
At cost		
Stock on hand	46,361	56,641
	46,361	56,641

Note 10 Property, Plant and Equipment

	2015 $	2014 $
LAND AND BUILDINGS		
Freehold land at:		
— directors' valuation 1988	150,000	150,000
— at cost	12,150	12,150
Total land	162,150	162,150
Buildings at:		
— directors' valuation 1988	375,000	375,000
— at cost	4,802,550	4,416,474
Less accumulated depreciation	(1,179,767)	(1,077,499)
Total buildings	3,997,783	3,713,975
Total land and buildings	4,159,933	3,876,125
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,073,514	1,942,330
Accumulated depreciation	(1,584,283)	(1,495,757)
	489,231	446,573
Poker machine		
At cost	1,668,228	1,508,631
(Accumulated depreciation)	(1,286,412)	(1,092,925)
	381,816	415,706
Utensils & crockery		
At cost	20,814	20,814
	20,814	20,814
Total plant and equipment	891,861	883,093
Total property, plant and equipment	5,051,794	4,759,218

(a) **Movements in Carrying Amounts**

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

	Freehold Land $	Buildings $	Plant and Equipment $	Total $
Balance at 1 September 2013	162,150	3,818,331	848,973	4,829,454
Additions	-	-	368,507	368,507
Disposals	-	-	(27,146)	(27,146)
Depreciation expense	-	(104,356)	(307,241)	(411,597)
Balance at 31 August 2014	162,150	3,713,975	883,093	4,759,218
Additions	-	386,077	337,824	723,901
Disposals	-	-	(2,568)	(2,568)
Depreciation expense	-	(102,269)	(326,488)	(428,757)
Balance at 31 August 2015	162,150	3,997,783	891,861	5,051,794

(b) The Company's land and buildings were revalued by Mr G Bird of MMJ Wollongong on 2 June 2014 at $5,170,000. Valuations were made on the basis of open market value.

(c) The company borrowed a bank loan with facility limit up to $2,300,000 for the purpose of refurbishment and refinance of existing commercial bill. As at 31st August 2015, the company had an outstanding loan balance of $1,876,461.

Note 11 Investment Property

	2015 $	2014 $
Balance at beginning of year	1,034,463	1,051,947
Fair value adjustments	-	(17,484)
Balance at end of year	1,034,463	1,034,463

Note 12 Intangible Assets

	2015 $	2014 $
Poker machine license entitlements at cost	196,095	132,459
Directors' valuation 2006	(48,459)	(48,459)
Directors' valuation 2008	(36,000)	(36,000)
Total intangibles	111,637	111,637

The poker machine entitlements are with indefinite useful lives and therefore, will be tested for impairment annually at the cash-generating unit level. The entitlements are not amortised.

Note 13 Other Assets

	2015 $	2014 $
CURRENT		
Prepayments	55,357	58,878
TAB security bond	5,000	5,000
	60,357	63,878

Note 14 Trade and Other Payables

	2015 $	2014 $
CURRENT		
Unsecured liabilities		
Trade payables	568,465	209,396
Sundry payables and accrued expenses	151,620	109,865
GST Payables	11,338	35,062
	731,423	354,323

Note 15 Borrowings

	Note	2015 $	2014 $
CURRENT			
Secured liabilities			
Bank loans	15a,c	1,876,461	200,000
Hire purchase	15d	24,220	53,964
Total current borrowings		1,900,681	253,964
NON-CURRENT			
Secured liabilities			
Bank loans	15a,c	-	1,776,461
Hire purchase	15d	-	24,355
Total non-current borrowings		-	1,800,816
Total borrowings	22	1,900,681	2,054,780

		2015	2014
		$	$
(a)	Total current and non-current secured liabilities:		
	Bank loans	1,876,461	1,976,461
	Hire purchase	24,220	78,319
		1,900,681	2,054,780

(b)	The carrying amounts of non-current assets pledged as security are:		
	Freehold land and buildings	4,159,933	3,876,125
	Investment property	1,034,463	1,034,463
		5,194,396	4,910,588

(c) The company borrowed a bank loan with facility limit up to $2,300,000 for the purpose of refurbishment and refinance of existing commercial bill. The loan facility commenced on 12/12/2012 and expires on 29/01/2016. As at 31st August 2015, the outstanding loan balance was $1,876,461. The minimum repayment is $50,000 per quarter. The loan is secured over the following properties:

(1) Registered mortgage over property situate at 25 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 183/23882.

(2) Registered mortgage over property situate at 21 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 185/23882.

(3) Registered mortgage over property situate at 23 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 184/23882.

(4) Registered mortgage over property situate at 54 McGregor Avenue Barrack Heights NSW more particularly described in Certificate of Title Volume 14942 Folio 114.

(d) The finance lease (which commenced in September 2012), relates to the IGMI Card IT System and is a 3 year lease financed through National Australia Bank. The month repayment is $4,845.10 for 36 months.

Note 16 Provisions

CURRENT	2015	2014
	$	$
Employee Benefits		
Provision for annual & sick leave	97,115	87,752
Provision for long service leave	57,204	59,831
Total	154,319	147,583

NON-CURRENT	2015	2014
	$	$
Employee Benefits		
Provisions for long service leave	21,301	26,224
Total	21,301	26,224

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(r).

Note 17 Capital and Leasing Commitments

		Note	2015	2014
			$	$
(a)	**Finance Lease Commitments**			
	Payable — minimum lease payments			
	— not later than 12 months		24,822	58,141
	— between 12 months and 5 years		-	24,822
	— later than 5 years		-	-
	Minimum lease payments		24,822	82,963
	Less future finance charges		(602)	(4,644)
	Present value of minimum lease payments	15	24,220	78,319

The finance lease (which commenced in September 2012), relates to the IGMI Card IT System and is a 3 year lease financed through National Australia Bank. The month repayment is $4,845.10 for 36 months.

Note 18 Operating Segments

The company operates in one industry, the principal activity being that of a licenced club providing gaming bar dining and entertainment facilities for members and their guests. It derives its income from one geographic location being Warilla/Barrack Heights, NSW.

Note 19 Cash Flow Information

	2015 $	2014 $
(a) **Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax**		
Profit after income tax	467,260	103,960
Non-cash flows in profit		
Depreciation	428,757	419,820
Net (gain)/loss on disposal of property, plant and equipment	(33,432)	(31,487)
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	3,366	(5,156)
(Increase)/decrease in prepayments	3,521	15,133
(Increase)/decrease in inventories	10,280	1,375
Increase/(decrease) in trade payables and accruals	377,100	57,415
Increase/(decrease) in income in advance	(20,318)	(10,918)
Increase/(decrease) in provisions	1,813	16,887
Cash flow from operating activities	1,238,347	567,029

Note 20 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 21 Related Party Transactions

(a) The Company's main related parties are as follows:

ii. Key Management Personnel:

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

For details of disclosures relating to key management personnel, refer to Note 5.

Note 22 Financial Risk Management

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

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

	Note	**2015** **$**	**2014** **$**
Financial Assets			
Cash and cash equivalents	7	677,561	281,214
Loans and receivables	8	8,109	11,476
Total Financial Assets		685,670	292,690
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	14	731,423	354,323
— Borrowings	15	1,900,681	2,054,780
Total Financial Liabilities		2,632,104	2,409,103

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the company, credit terms are generally 30 to 60 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the FOC has otherwise assessed as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Collateral held by the entity securing receivables are detailed in Note 8(d).

The entity has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the entity has significant credit risk exposures to Australia and the United Kingdom given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables is provided in Note 8.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 8.

b. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the entity has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	1,876,461	200,000	-	1,776,461	-	-	1,876,461	1,976,461
Trade and other payables	731,423	354,323	-	-	-	-	731,423	354,323
Hire purchase liabilities	24,220	53,964	-	24,355	-	-	24,220	78,319
Total expected outflows	2,632,104	608,287	-	1,800,816	-	-	2,632,104	2,409,103

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	677,561	281,214	-	-	-	-	677,561	281,214
Trade, term and loans receivables	8,109	11,476	-	-	-	-	8,109	11,476
Total anticipated inflows	685,670	292,690	-	-	-	-	685,670	292,690
Net (outflow) / inflow on financial instruments	(1,946,434)	(315,597)	-	(1,800,816)	-	-	(1,946,434)	(2,116,413)

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments. The financial instruments which primarily expose the Company to interest rate risk are borrowings, shares in listed companies and trusts, forward exchange contracts, interest rate swaps, Government and fixed interest securities, cash and cash equivalents.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Company.

	Note	**2015** Carrying Amount $	**2015** Fair Value $	**2014** Carrying Amount $	**2014** Fair Value $
Financial assets					
Cash and cash equivalents	7, 22(i)	677,561	677,561	281,214	281,214
Trade and other receivables:	8, 22(i),(ii)	8,109	8,109	11,476	11,476
Total financial assets		685,670	685,670	292,690	292,690
Financial liabilities					
Trade and other payables	14, 22(i)	731,423	731,423	354,323	354,323
Hire purchase liability		24,220	24,220	78,319	78,319
Bank loans		1,876,461	1,876,461	1,976,461	1,976,461
Total financial liabilities		2,632,104	2,632,104	2,409,103	2,409,103

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology. Discount rates are based on market interest rates for similar instruments and range between 7.8% and 9.3%, depending upon the nature of the instrument.

(ii) Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

Note 23 Reserves

Revaluation Surplus

The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

Note 24 Member's Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of $2 each. At 31 August 2015 the number of members was 15,116 (2014: 13,674)

Note 25 Additional Information Required Under the Registered Clubs Act 1976

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 31 August 2015;

(a) the following properties are core property of the Club;
- (i) licensed premises at McGregor Avenue, Barrack Heights;
- (ii) car park at McGregor Avenue, Barrack Heights.

(b) the following properties are non-core property of the Club;
- (i) residential property at 21 Jason Avenue, Barrack Heights;
- (ii) residential property at 23 Jason Avenue, Barrack Heights;
- (iii) residential property at 25 Jason Avenue, Barrack Heights.

Note 26 Company Details

The registered office of the company is:
Warilla Sports Club Limited
54 McGregor Avenue
Barrack Heights NSW 2528

The principal place of business is:
Warilla Sports Club Limited
54 McGregor Avenue
Barrack Heights NSW 2528

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Warilla Sports Club Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 22, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards; and
   (b) give a true and fair view of the financial position as at 31 August 2015 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;

Director ______________________________
Andrew Gann

Director ______________________________
Stephen Anderson

Dated this day of 2015

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARILLA SPORTS CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Warilla Sports Club Limited, which comprises the statement of financial position as at 31 August 2015, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's Opinion

In our opinion:

the financial report of Warilla Sports Club Limited 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 August 2015 and of their performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Name of Firm: O'Donnell Hennessy & Co

Name of Partner: Karl Taylor

Address: WOLLONGONG

Dated this day of 2015

ACCOUNTANTS COMPILATION REPORT

Scope

On the basis of information provided by the Directors of Warilla Sports Club Limited we have compiled the General Purpose Financial Report, being the summaries of Trading and Profit and Loss statements for the year ended 31st August, 2015.
The purpose of the report is to provide additional information to the members.

The additional information is in accordance with the books and records of Warilla Sports Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 August 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, into a financial report.

The General Purpose Financial Report was prepared for the benefit of the Company and it's members and the purpose identified above. We do not accept responsibility to any other person for the contents of the General Purpose Financial Report.

O'DONNELL HENNESSY & CO

Chartered Accountants

COVER OF EXCELLENCE

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Partner: Karl Taylor
WOLLONGONG

Date:

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2015

	Note	2015 $	2014 $
BAR TRADING			
Sales		1,654,304	1,616,042
Cost of Sales		730,570	755,512
Gross Profit		923,734	860,530
Depreciation		18,235	16,701
Members Discount		-	(42)
Repairs & Replacements		11,381	16,728
Wages & Entitlements		350,841	349,981
		380,457	383,368
GROSS PROFIT FROM BAR TRADING		543,277	477,162
POKER MACHINE ACCOUNT			
Takings		2,256,320	2,071,010
Depreciation		217,613	199,936
Monitoring & LAB fees		32,433	32,289
Poker Machine analysis software		16,447	16,119
Poker Machine Duty		348,198	310,677
Poker Machine license fees		14,367	8,272
Promotions		137,857	118,576
Repairs & Maintenance		32,122	24,501
Wages & Entitlements		49,663	52,087
		848,700	762,457
GROSS PROFIT FROM POKER MACHINES		1,407,620	1,308,554
KENO TRADING ACCOUNT			
Keno Commission		125,878	120,819
Depreciation		1,941	2,035
Stationery & Rental		6,217	8,873
Wages & Entitlements		52,397	56,481
		60,555	67,389
PROFIT FROM KENO		65,323	53,430
TAB TRADING ACCOUNT			
TAB Commission		18,788	16,967
Depreciation		6,620	11,170
Stationery & rental		158	770
Sky Channel & Thorough Vision		23,247	22,765
Wages & Entitlements		57,902	63,558
		87,927	98,264
LOSS FROM TAB		(69,139)	(81,297)

To be read in conjunction with Accountant's Compilation Report

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2015

STATEMENT OF OPERATING PROFIT

	Note	2015 $	2014 $
INCOME			
Profit / (Loss) Transferred from:			
- Bar Trading		543,277	477,162
- Poker Machine Trading		1,407,620	1,308,554
- Keno Trading Account		65,323	53,430
- TAB Trading Account		(69,139)	(81,297)
Total Income from trading		1,947,081	1,757,848
Commission, Vending & Function Income		86,862	106,197
Courtesy bus income		-	4,005
Interest received		298	165
Members' Subscriptions		32,935	26,406
Other Income		54,463	22,811
Profit/(Loss) on Sale of Assets		33,432	31,487
Poker Machine GST Compensation		17,180	17,180
Rent		31,172	38,340
Social & Entertainment	1	166,865	194,522
TOTAL INCOME		2,370,288	2,198,960
EXPENDITURE			
Advertising & promotion		38,001	24,592
AGM printing & expenses		8,998	9,490
Audit & Accountancy Fees		40,310	39,160
Badges & Membership Expenses		3,023	1,524
Bank Charges		8,014	8,406
Catering subsidy		87,831	95,671
Club shirts - for resale		324	1,118
Cleaning & Laundry	3	82,805	98,668
Computer Software & expenses		13,040	11,792
Consultant Fee		-	6,834
Courtesy Bus	4	49,741	42,904
Depreciation - Buildings		102,268	104,357
Depreciation - Other		82,080	81,427
Directors drinks, meals & blazers		14,118	13,077
Delegate expenses		16,836	9,673
Sub-total carried forward		547,389	548,692

To be read in conjunction with Accountant's Compilation Report

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2015

STATEMENT OF OPERATING PROFIT (Continued)

	Note	2015 $	2014 $
EXPENDITURE (Continued)			
Sub-total brought forward		547,389	548,692
Electricity & Gas		91,226	111,898
Employee Entitlement Provision		20,935	28,687
Equipment Hire		-	160
Fringe Benefits Tax		-	(793)
Insurance - general		33,659	32,399
Insurance - workers compensation		20,581	36,561
Interest		133,315	149,460
Legal fees		1,952	5,250
Music artists & bands		55,654	65,165
Payroll Tax		8,005	9,564
Postage, Printing & Stationery		18,560	10,520
Rates		20,686	18,398
Rental Property Expenses		36,154	23,003
Repairs & Maintenance		45,232	63,012
Security		7,195	6,790
Social & Entertainment	2	359,197	470,385
Staff amenities & training		8,766	5,698
Stocktake expenses		4,925	-
Subscriptions & licences	5	58,467	51,710
Superannuation		75,145	77,022
Telephone		7,629	7,238
Travelling & motor running		3,975	3,720
Uniforms		2,665	1,651
Valuation expenses		-	3,559
Wages - Administration		210,367	210,477
Wages - Doorman & yard		42,578	47,757
Workers compensation excess		-	99
Total Expenditure		1,814,257	1,988,082
Operating Profit before donations		556,031	210,877
Donations made		88,771	106,918
Operating Profit /(Loss) before income tax benefit/(expense)		467,260	103,960
Deferred income tax benefit/(expense)		-	-
Operating Profit /(Loss) after income tax benefit/(expense)		467,260	103,960

To be read in conjunction with Accountant's Compilation Report

ADDITIONAL FINANCIAL INFORMATION - NOTES
FOR THE YEAR ENDED 31ST AUGUST 2015

	2015 $	2014 $
1 Social & Entertainment Income		
Bingo income	19,804	15,656
Food fair	66,141	68,082
Meat market income	57,049	61,922
Raffle income	23,871	48,861
	166,865	194,522
2 Social & Entertainment Expenses		
Bingo	106,942	113,047
Charity housie	7,383	7,806
Drink & Meal	43,826	36,344
Food fair	57,769	72,963
Meat Market	57,635	63,417
Other promotions & general entertainment	-	1,550
Prizes & Trophies	18,567	29,174
Social function expenses	34,275	36,495
Raffle expenses	32,800	109,591
	359,197	470,385
3 Cleaning		
Cleaning Materials	28,290	40,793
Contract Cleaning	54,515	57,875
	82,805	98,668
4. Courtesy bus expenses		
Depreciation	-	4,194
Expenses	49,741	17,089
Wages	-	21,622
	49,741	42,904
5 Subscriptions & Licences		
Affiliation Fees	-	250
APRA	1,317	2,901
Austar/Fox sports	47,130	40,760
Filing Fees	45	105
Other Licences	2,835	1,401
Clubs NSW (RCA)	7,140	6,292
	58,467	51,710

To be read in conjunction with Accountant's Compilation Report