
**Guildford Rugby League Football &
Recreation Club Limited**

ABN 70 000 304 585

**Annual Financial Report
31 December 2016**

Guildford Rugby League Football & Recreation Club Limited

Directors' Report

Directors

The directors present their report together with the financial statements of Guildford Rugby League Football & Recreation Club Limited (the company) for the year ended 31 December 2016.

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

GRAHAM BONWICK

Club Sports Administrator. Member of Guildford Leagues Club for 38 years. Past President and Vice President of Junior Rugby League. Current Treasurer of the McCredie Park Trust. A Director of Guildford Leagues Club for the past 15 years and the current President of Guildford Leagues Club.

Declared Interest in Contracts: 26 March 2008

WAYNE TRINDALL

Formerly employed with Ausgrid and now retired. Member of Guildford Leagues Club for the past 31 years. Played A Grade and A Reserve in 1981-1982 with Guildford Leagues Club. Coach and Manager for the Juniors' Club from 1993-1997. Worked with the Junior Committee for 5 years. Currently on the McCredie Park Trust Committee, Member of Holroyd ASIC Committee and Senior Football Committee. A Director of Guildford Leagues Club for the past 13 years.

Declared Interest in Contracts: Nil

JOHN (PAUL) O'DONOGHUE

A Club member for 37 years. A Certified Practising Accountant (CPA) who has retired after 35 years with the Australian Taxation Office with service including Director Financial Services and a member of the Parramatta Branch Board of Management. Over many years Paul has served on work, school and sporting Club Committees and is currently the Treasurer of the GLC Bowls Club. For 16 years he was on the Board of Management of the Parramatta Rugby League Referees Association where he is a Life Member. From 1980 to 1992 he was also a Director of a Credit Union. A Director of Guildford Leagues for 9 years.

Declared Interest in Contracts: Nil

GARY WHITEHEAD

Member of Guildford Leagues Club for the last 24 years. Former President of the Football Club for 6 years, Football Manager for 5 years, Golden Oldie Representative for 6 years, and current Vice President of Men's Bowls, for the past 6 years. Current Treasurer of the Snooker Club for 5 years and is a member of the McCredie Park Trust Committee, for the past 9 years. A Director of Guildford Leagues for 7 years.

Declared Interest in Contracts: Nil

HEATHER STEPHENS

Former President of the Guildford Leagues Women's Bowling Club, a position held for six years. Heather's career was in the teaching profession as a Secondary School teacher over a period of Twenty eight years. Heather acquired both her English and Australian Teaching Certificates and specialised in English and Special Education. She taught various subjects across the curriculum and retired in the year 2000. Since 1998 Heather has been involved in Community Work organising and working with groups, to support parents who have lost children to suicide. Heather's family has been involved with Guildford Leagues Club since she joined the Club in 1973. She is married with two children and four grandchildren. Heather participated in sport since secondary school competing in Netball and Hockey and has coached and managed many teams in the past. Her interests are Live Theatre, Film, and all types of music.

Appointed 24 March 2013.

Declared Interest in Contracts: Nil

Guildford Rugby League Football & Recreation Club Limited

Directors' Report

Directors (continued)

KEVIN BARTLETT

Kevin has lived in the Guildford area for his whole life and he has been a club member of Guildford Leagues Club for 36 years. He is married with 3 children who are all playing sport for the club. A Fitter Machinist by trade, now Production Manager for the same company after 37 years. Kevin has played Rugby League for 20 years and had a stint at coaching for 9 years. He has also played Cricket for 20 years and took up coaching for 8 years. Kevin has served on the Cricket Committee for a number of years with the last 7 as Cricket Club President. He is a current Golf Club Committee member and has been for 32 years. Kevin was recently awarded Life membership of the Golf Club.

Appointed 24 March 2013.

Declared Interest in Contracts: Nil

SEAN BARKLEY

Member of Guildford League since 1996 when family moved into the area. Sean is currently the Treasurer of the Guildford Leagues/Smithfield RSL Club Snooker Club. Sean has been successfully involved in a number of community endeavours, including positions as President of Merrylands Anglican Church Pre-School and President of the Guildford West Public School (GWPS) School Council. Sean has been involved in the Telecommunications industry for the last 27 years. Sean has recently left a role as the Asia Pacific Regional Manager for IP Communications for the last 7 years for Verizon, an American headquartered company (currently ranked as the 18th largest global company). In that role Sean had financial, technical and delivery responsibility for 7 countries in Asia (including Australia) across multiple, multi-million dollar portfolios.

Appointed on 17 May 2015.

Declared Interest in Contracts: Nil

Guildford Rugby League Football & Recreation Club Limited

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) and of each board committee held during the year ended 31 December 2016, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held	Number of special meetings attended	Number of special meetings held
Graham Bonwick	11	12	-	-
Wayne Trindall	11	12	-	-
John (Paul) O'Donoghue	12	12	-	-
Gary Whitehead	12	12	-	-
Heather Stephens	11	12	-	-
Kevin Bartlett	12	12	-	-
Sean Barkley	11	12	-	-

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2016 and the comparison with last year is as follows:

	2016	2015
Full	11,137	11,711
Social	-	40
Life	7	8
	11,144	11,759

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total liability in the event of winding up is \$22,288 (2015: \$23,518).

Operating result

The net profit before tax for the year amounted to \$743,062 compared to \$1,032,480 for the prior year. This resulted after charging \$2,053,787 (2015: \$1,729,737) for depreciation/amortisation and \$731,361 (2015: \$570,840) for the promotion of sport.

Guildford Rugby League Football & Recreation Club Limited

Directors' Report

Objectives

Short term

Increase traffic flow in the club thus increasing Club profits and cash flows to ensure our continued ability to support the game of Rugby League and other sports.

Long term

Serving the members and the community in accordance with club industry traditions and objectives of the Club's Constitution.

Strategy for achieving the objectives

The Club implements a number of strategies to achieve these objectives, including:

- Providing improved club facilities for members and their guest's
- Providing quality meals at affordable prices
- Offering a range of regular member promotions
- Providing wide range of sporting and gaming facilities
- Provides support & services to members through the club Welfare Officer
- Investing in the clubs future in capital works
- Investing in the community sporting facilities

Principal activity

The principal activity of the company during the year has continued to be that of a licensed social sporting club.

There have been no significant changes in the nature of these activities during the year.

How these activities assist in achieving the objectives

Providing continual support in the game of Rugby League and other sports for Club members and within the community.

Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve Club's performance. The Club uses the gross profit percentage and wages to sales percentage to measure the financial performance of departments such as Bars, Catering, etc. The Club also uses EBITDA percentage to measure the financial performance of the Club as a whole. In addition the Club uses information from Club Data-online and ClubsNSW to measure the Club's strategic position at an industry benchmark level.

Guildford Rugby League Football & Recreation Club Limited

Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors.

Dated at Guildford this 28th day of March 2017.

Graham Bonwick
Director



DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF GUILDFORD RUGBY LEAGUE FOOTBALL & RECREATION CLUB LIMITED

As lead auditor of Guildford Rugby League Football & Recreation Club Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.



Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 28 March 2017

To the members of Guildford Rugby League Football & Recreation Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Guildford Rugby League Football & Recreation Club Limited (the Company), which comprises the statement of financial position as at 31 December 2016, the statement of profit and 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 report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Guildford Rugby League Football & Recreation 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 December 2016 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We 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 obtained at the date of this auditor's report is information included in the Directors report, 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 we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 has 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership

Paul Cheeseman
Partner

28 March 2017

Guildford Rugby League Football & Recreation Club Limited

Directors' Declaration

The directors of Guildford Rugby League Football & Recreation Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 10 to 28, are 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 2016 and of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Guildford this 28th day of March 2017.

Graham Bonwick
Director



Guildford Rugby League Football & Recreation Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue			
Sale of goods		928,861	989,523
Rendering of services		15,483,566	14,457,303
Other revenue		20,176	28,852
Total revenue	1	16,432,603	15,475,678
Other income			
Gain on disposal of plant and equipment	1	28,583	-
Expenses			
Raw materials and consumables used		(401,859)	(461,067)
Employee benefits expense		(3,435,346)	(3,287,459)
Entertainment, marketing and promotional costs		(1,507,305)	(1,315,165)
Members benefits and amenities		(729,650)	(545,791)
Equipment rental		(277,753)	(260,250)
Repairs and maintenance		(590,327)	(570,641)
Poker machine licences and taxes		(3,683,742)	(3,399,886)
Occupancy expenses		(1,285,138)	(1,287,174)
Depreciation and amortisation expenses	2	(2,053,787)	(1,729,737)
Finance costs	2	(366,540)	(243,339)
Promotion of sport		(731,361)	(570,840)
Loss on disposal of plant and equipment	2	-	(125,591)
Other expenses		(655,316)	(646,258)
Total expenses		(15,718,124)	(14,443,198)
Profit before income tax		743,062	1,032,480
Income tax expense	15(b)	-	-
Net profit after income tax expense attributable to members		743,062	1,032,480
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to members		743,062	1,032,480

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 14 to 28.

Guildford Rugby League Football & Recreation Club Limited
Statement of Financial Position
As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,577,398	3,119,813
Trade and other receivables		31,472	36,652
Inventories		48,113	41,968
Other current assets	3	188,404	154,310
Total Current Assets		2,845,387	3,352,743
Non-Current Assets			
Property, plant and equipment	4	17,800,090	17,108,459
Total Non-Current Assets		17,800,090	17,108,459
Total Assets		20,645,477	20,461,202
LIABILITIES			
Current Liabilities			
Trade and other payables	5	1,917,431	1,980,872
Financial liabilities	6	6,514,853	490,800
Employee benefits	7	292,495	317,241
Provisions	8	30,081	31,609
Income received in advance		18,570	27,687
Total Current Liabilities		8,773,430	2,848,209
Non-Current Liabilities			
Financial liabilities	6	-	6,514,853
Employee benefits	7	267,756	232,649
Income received in advance		53,785	58,047
Total Non-Current Liabilities		321,541	6,805,549
Total Liabilities		9,094,971	9,653,758
Net Assets		11,550,506	10,807,444
Members' Funds			
Retained profits		11,550,506	10,807,444
Total Members' Funds		11,550,506	10,807,444

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 14 to 28.

Guildford Rugby League Football & Recreation Club Limited
Statement of Changes in Equity
For the Year Ended 31 December 2016

	Retained Earnings \$	Total Equity \$
Balance at 1 January 2015	9,774,964	9,774,964
Net profit for the year	1,032,480	1,032,480
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,032,480	1,032,480
Balance at 31 December 2015	10,807,444	10,807,444
Net profit for the year	743,062	743,062
Other comprehensive income for the year	-	-
Total comprehensive income for the year	743,062	743,062
Balance at 31 December 2016	11,550,506	11,550,506

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 14 to 28.

Guildford Rugby League Football & Recreation Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Cash Flows From Operating Activities			
Receipts from customers		18,058,849	16,998,069
Payments to suppliers and employees		(15,047,264)	(13,537,290)
Interest received		20,176	28,852
Interest paid		(366,540)	(243,339)
		<hr/>	<hr/>
Net cash inflow from operating activities		2,665,221	3,246,292
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		198,972	2,273
Payment for property, plant and equipment		(2,915,808)	(4,769,875)
		<hr/>	<hr/>
Net cash outflow from investing activities		(2,716,836)	(4,767,602)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Proceeds from bank loans		-	3,042,944
Repayment of bank loans		(490,800)	(245,400)
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing activities		(490,800)	2,797,544
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(542,415)	1,276,234
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the financial year		3,119,813	1,843,579
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		2,577,398	3,119,813
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 14 to 28.

Guildford Rugby League Football & Recreation Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

About this report

Guildford Rugby League Football & Recreation Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Guildford Rugby League Football & Recreation Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 28 March 2017.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 January 2016; and
- Have been prepared on an ongoing concern basis.

The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date of these financial statements were approved.

For the year ended 31 December 2016 the company's current liabilities exceeded its current assets by \$5,928,043. In the current year, the company's entire debt facility was classified as current as the debt facility expires on the 12 November 2017 and the facility is not expected to be re-negotiated until closer to the facilities expiry. Hence, in the current year we have disclosed the entire debt facility as current in the statement of financial position.

Notwithstanding this, the directors and management opinion is that the company is a going concern. The directors and management have formed this view based on a number of factors including;

- The company has made a net operating profit of \$743,032 (2015: \$1,032,480);
- Continued solid trading results, with the company generating EBITDA of \$3,163,389 (2015: \$3,005,556);
- During 2016, the company generated positive operating cash inflows of \$2,665,221 (2015: \$3,246,292);

Guildford Rugby League Football & Recreation Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

About this report

Going Concern (Continued)

- The company reported net assets at 31 December 2016 of \$11,550,506 (2015: \$10,807,444);
- In preliminary discussions with the companies financiers, the Commonwealth Bank, management expect to re-negotiate the finance facility with the Commonwealth bank well before the expiry of the current facility on the 12 November 2017; and
- The budgets and forecasts indicate that the company will be in a position to meet all its debt covenants with the bank through to the 12 November 2017.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 4
Estimation of useful lives of assets	Note 4
Long service leave liability	Note 7
Mortality fund provision	Note 8

Key events for the reporting period

Change in Accounting Policy -Adoption of AASB 2015-2

The Company adopted AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure initiative: Amendments to AASB 101 with a date of initial application of 1 January 2016.

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

	2016 \$	2015 \$
1 Revenue		
Sale of Goods Revenue		
Food and beverage sales	928,861	989,523
Rendering of Services Revenue		
Poker machines - net clearances	14,977,834	13,997,598
Members' subscriptions	49,642	47,061
TAB commission	17,479	18,537
Keno sales	83,362	87,229
Commission received	90,281	68,839
Poker revenue	121,891	122,500
Sundry income	143,077	115,539
	<u>15,483,566</u>	<u>14,457,303</u>
Other Revenues		
Interest received	20,176	28,852
	<u>20,176</u>	<u>28,852</u>
Total Revenue	<u>16,432,603</u>	<u>15,475,678</u>
Other Income		
Gain on disposal of plant and equipment	28,583	-
	<u>28,583</u>	<u>-</u>

Recognition and Measurement

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

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

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

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

1 Revenue (continued)

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Other Income

Sale of Property, Plant and Equipment

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

	2016 \$	2015 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Bank loans	366,540	243,339
Depreciation		
Plant and equipment	507,733	670,377
Amortisation		
Leased assets	797,725	368,855
Leasehold improvements	748,329	690,505
Total depreciation and amortisation	2,053,787	1,729,737
Net (gain)/expense from movements in provision for		
Provision - Mortality Fund	(1,528)	-
Employee benefits	10,361	49,998
Defined contribution superannuation expense	261,028	235,312
Loss on disposal of plant and equipment	-	125,591

Recognition and Measurement

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

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

2 Expenses (continued)

Recognition and Measurement (continued)

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

	2016 \$	2015 \$
3 Other Assets		
Current		
Prepayments	113,997	94,800
Other	74,407	59,510
	<hr/> 188,404	<hr/> 154,310
4 Property, Plant and Equipment		
Leasehold improvements		
At cost	23,741,562	22,523,357
Accumulated amortisation	(10,620,798)	(9,872,469)
	<hr/> 13,120,764	<hr/> 12,650,888
Plant and equipment		
At cost	8,807,740	9,215,140
Accumulated depreciation	(5,104,559)	(5,503,169)
	<hr/> 3,703,181	<hr/> 3,711,971
Capitalised lease equipment		
At cost	2,500,312	1,981,944
Accumulated amortisation	(2,029,697)	(1,265,824)
	<hr/> 470,615	<hr/> 716,120

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

4 Property, Plant and Equipment (continued)

	2016 \$	2015 \$
Work in progress At cost	505,530	29,480
Total property, plant and equipment net book value	17,800,090	17,108,459

Refer to Note 6 for details of security over property, plant and equipment.

Valuation

The independent valuation of the company's land and buildings was carried out as at 31 December 2015 on the basis of open market value for existing use resulted in a valuation of leasehold improvements of \$16,300,000. As leasehold improvements are recorded at cost the valuation has not been brought to account.

Reconciliations

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:

Leasehold Improvements		
Carrying amount at beginning of year	12,650,888	9,476,790
Additions	1,213,785	3,834,729
Transfers from work in progress	4,420	29,874
Amortisation expense	(748,329)	(690,505)
Carrying amount at end of year	13,120,764	12,650,888
Plant and Equipment		
Carrying amount at beginning of year	3,711,971	4,195,255
Additions	669,333	314,958
Disposals	(170,390)	(127,865)
Depreciation expense	(507,733)	(670,377)
Carrying amount at end of year	3,703,181	3,711,971
Leased Plant and Equipment		
Carrying amount at beginning of year	716,120	494,660
Additions	552,220	590,315
Amortisation expense	(797,725)	(368,855)
Carrying amount at end of year	470,615	716,120

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

	2016 \$	2015 \$
4 Property, Plant and Equipment (continued)		
Work in Progress		
Carrying amount at beginning of year	29,480	29,874
Additions	480,470	29,480
Transfers to Leasehold Improvements	(4,420)	(29,874)
	<hr/>	<hr/>
Carrying amount at end of year	505,530	29,480
	<hr/>	<hr/>

Core Property of the Club

Guildford Rugby League Football & Recreation Club
Tamplyn Road
Guildford NSW 2161

Recognition and Measurement

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold improvements	15 - 20 years
Plant and equipment	5 - 10 years

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 carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

4 Property, Plant and Equipment (continued)

Key estimate and Judgement: Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

	2016 \$	2015 \$
5 Trade and Other Payables		
Current		
Trade creditors	320,589	484,545
Goods and Services Tax (GST) payable	248,402	24,924
Other creditors and accruals	1,348,440	1,471,403
	1,917,431	1,980,872

Recognition and Measurement

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

6 Financial Liabilities

Current

Bank Loans - secured	6,514,853	490,800
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Non-Current

Bank loans - secured	-	6,514,853
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Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

	2016 \$	2015 \$
6 Financial Liabilities (continued)		
Financing Arrangements		
The company has access to the following lines of credit:		
Total facilities available:		
Bank overdraft	200,000	200,000
Bank loan facility	8,000,000	8,000,000
	<u>8,200,000</u>	<u>8,200,000</u>
Facilities utilised at reporting date:		
Bank overdraft	-	-
Bank loan facility	6,514,853	7,005,653
	<u>6,514,853</u>	<u>7,005,653</u>

Recognition and Measurement

Bank Loan Facility

The bank loan facility of \$8,000,000 is available for the Company until 12 November 2017. The interest rate is a variable rate determined by the BBSY for a reset period of 3 months. Monthly payments over the term of the facility relate to interest only and fees. Principal reductions have been agreed and are set out in the repayment schedule. The facility is repayable in full on expiry of the finance term.

Security

The bank overdraft and bank loan facility are secured by first registered mortgage over lease of non residential real property located at 55 Tamplin Rd Guildford NSW 2161 and general security interest comprising first ranking charge over all present and after acquired property.

7 Employee Benefits

Current	292,495	317,241
Non-Current	267,756	232,649
	<u>560,251</u>	<u>549,890</u>

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

7 Employee Benefits (continued)

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:

	2016	2015
Inflation rate	3.00%	2.75%
Discount rate	2.80%	4.50%

Superannuation Plans

Contributions

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

Recognition and Measurement

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Key estimate and judgement: Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Superannuation Plan

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

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

	2016 \$	2015 \$
8 Provisions		
Current		
Mortality benefits	30,081	31,609

Key estimate and Judgement: Mortality Fund Provision

A mortality fund provision is recognised based on the estimated future cash outflows to members of the mortality fund. The provision is based on the maximum amount payable on the death of a member. The maximum amount payable is determined by the company's constitution.

9 Commitments

Non-Cancellable Operating Lease Expense Commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	202,124	202,124
One year or later and no later than five years	803,186	805,310
Later than five years	2,666,667	2,866,667
	3,671,977	3,874,101

The entity leases property under non-cancellable operating leases expiring from one to twenty one years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Capital Commitments

Capital commitments for the new restaurant, kitchen and dining facilities under construction is :

Within one year	154,377	413,763
Total	154,377	413,763

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

9 Commitments (continued)

Recognition and Measurement

Leases under which the company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

	2016	2015
	\$	\$

10 Contingent Liabilities

Bank Guarantees

The company has given the following bank guarantees:

- TAB

	5,000	5,000
	5,000	5,000

11 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Graham Bonwick

Wayne Trindall

John (Paul) O'Donoghue

Gary Whitehead

Heather Stephens

Kevin Bartlett

Sean Barkley

(b) Key Management Personnel Compensation

Benefits and payments made to the Directors and Other
Key Management Personnel

	450,168	339,826
	450,168	339,826

Guildford Rugby League Football & Recreation Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2016

12 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

Directors' Transactions with the Company

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

A director, Graham Bonwick, is also a director of Ashby Enterprises Sydney Pty Ltd. During the year, Guildford Rugby League Football & Recreation Club Limited engaged Ashby Enterprises and Graham Bonwick for Business Development Services - Sports Management. All dealings were based on normal commercial terms and conditions.

The aggregate amounts of each of the above types of transactions with directors and their related entities were as follows:

	2016 \$	2015 \$
Business Development Services - Sports Management		
- Ashby Enterprises Sydney Pty Ltd	55,757	54,592

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

13 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter.

At 31 December 2016 there were 11,144 members.

The registered office of the company is McCredie Park, 25 Tamplin Road, Guildford NSW 2161.

14 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have 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.

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

15 Summary of Other Significant Accounting Policies

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

(a) Goods and Services Tax

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

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(b) Income Tax

No provision has been made in the financial statements for income tax, as the directors of the club have assessed that they continue to be exempt under Section 50-45 of the Income Tax Assessment Act (1997).

(c) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and Other Receivables

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

Guildford Rugby League Football & Recreation Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2016

15 Summary of Other Significant Accounting Policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(g) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(h) Customer Loyalty Program

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

