

# **Byron Bay Services Club Limited**

ABN: 97 001 490 179

## **Financial Statements**

For the Year Ended 30 June 2017

# Byron Bay Services Club Limited

ABN: 97 001 490 179

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For the Year Ended 30 June 2017

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# Byron Bay Services Club Limited

ABN: 97 001 490 179

## Directors' Report

30 June 2017

The directors present their report on Byron Bay Services Club Limited ('the Company') for the financial year ended 30 June 2017.

### Information on directors

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

Anthony Russell McCabe

Experience

Director 29 years. Previously Director 1978 - 1980.

Special responsibilities

Treasurer

Barry James Pearson

Experience

Director 20 years.

Ronald Keith Castle

Experience

Resigned 1 February 2017

Director 11 years.

Special responsibilities

Vice President

Kevin Edward Tibbett

Experience

Director 10 years. Vice President 5 years.

Special responsibilities

President

Brian James Lee

Experience

Director 9 years.

Wesley (Ted) Taylor

Experience

Director 6 years.

John Burgum Langler

Experience

Director 2 years. Previously Director 2007 - 2011.

Jane Sigrid Millar

Experience

Director 2 years.

Stephen James Rogers

Experience

Director 2 years.

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

## Byron Bay Services Club Limited

ABN: 97 001 490 179

# Directors' Report

30 June 2017

### Principal activities

The principal activity of the Company during the financial year remained unchanged and was the provision of social activities for members .

### Short term and Long term objectives

The Company's short and long term objectives are to ensure that the Company's financial position remains sound, ensuring that members and patrons can enjoy their club for many years to come.

### Strategy for achieving the objectives

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

- Carefully monitor income and expenditure to improve operating profit;
- Introduce new ideas that will attract more people to the club and improve income streams; and
- Promote the above objectives at every opportunity.

### How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by providing the best facilities and by continually looking at ways to attract participants to social activities. This has provided the Company with an excellent source of income so the Company can continue to make improvements and remain viable into the future. The Company has to ensure it continues to provide a quality venue for members and visitors to enjoy the facilities socially.

### Performance measures

The following measures are used within the Company to monitor performance:

- Bar Sale Gross Profit Percentage. 2017: 54.72% (2016: 52.37%)
- Kitchen Sales Gross Profit Percentage. 2017: 56.07% (2016: 52.10%)

### Members guarantee

Byron Bay Services Club Limited is a company limited by guarantee. The number of members as at 30 June 2017 is 4,812 (2016: 5,181).

In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$5 for members that are corporations and \$5 for all other members, subject to the provisions of the Company's constitution.

At 30 June 2017 the collective liability of members was \$24,060 (2016: \$25,905).

### Operating Results

The operating loss for the Company for the financial year amounted to \$61,850 (2016: operating profit of \$174,147).

**Byron Bay Services Club Limited**

ABN: 97 001 490 179

**Directors' Report**

**30 June 2017**

**Core/Non-Core Property**

The Directors have resolved that the Company's main premises and the land it occupies (excluding car park and other unrelated land) is deemed to be core property for the purposes of Section 41J of the *Registered Clubs Act (1976)*.

**Meetings of directors**

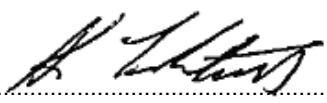
During the financial year, 12 monthly meetings of directors and 1 special board meetings were held. Attendances by each director during the year were as follows:

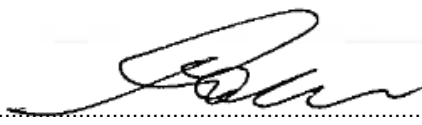
	Directors' Meetings	
	Number eligible to attend	Number attended
Anthony Russell McCabe	13	12
Barry James Pearson	13	12
Ronald Keith Castle	8	7
Kevin Edward Tibbett	13	11
Brian James Lee	13	11
Wesley (Ted) Taylor	13	12
John Burgum Langler	13	12
Jane Sigrid Millar	13	13
Stephen James Rogers	13	13

**Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 4 of the financial report.

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

Director: .....  
 Kevin Edward Tibbett, President

Director: .....  
 Anthony Russell McCabe, Treasurer

Dated this 22nd day of August 2017




### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Byron Bay Services Club Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Dated at Byron Bay this 22<sup>nd</sup> day of August 2017.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**



.....  
G W DWYER (Partner)  
Registered Company Auditor

**Byron Bay Services Club Limited**

ABN: 97 001 490 179

**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 June 2017**

		2017	2016
	Note	\$	\$
Revenue	4	5,032,362	5,276,476
Other income	4	61,169	78,986
Cost of goods sold		(905,526)	(1,030,955)
Employee benefits expense	5	(1,856,424)	(1,837,916)
Depreciation and amortisation expense	5	(818,863)	(751,508)
Repairs and maintenance		(136,568)	(130,679)
Administration and other costs		(684,343)	(670,706)
Entertainment		(284,589)	(279,390)
Poker machine taxes		(437,153)	(476,246)
<b>Profit before income tax</b>		<b>(29,935)</b>	178,062
Income tax expense	6	(31,915)	(3,915)
<b>Profit for the year</b>		<b>(61,850)</b>	174,147
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
<b>Total comprehensive income for the year</b>		<b>(61,850)</b>	174,147

The accompanying notes form part of these financial statements.

**Byron Bay Services Club Limited**

ABN: 97 001 490 179

**Statement of Financial Position****As At 30 June 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	1,543,181	1,412,295
Trade and other receivables	8	17,398	17,398
Inventories	9	66,933	66,238
Other assets	10	45,953	45,748
Current tax assets	11	12,602	12,542
<b>TOTAL CURRENT ASSETS</b>		<b>1,686,067</b>	<b>1,554,221</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	11	362,480	392,980
Financial assets	12	750	750
Property, plant and equipment	13	4,482,039	4,645,368
Intangible assets	14	600,000	600,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,445,269</b>	<b>5,639,098</b>
<b>TOTAL ASSETS</b>		<b>7,131,336</b>	<b>7,193,319</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	302,045	304,649
Other liabilities	16	12,030	12,953
Provisions	17	225,509	205,393
<b>TOTAL CURRENT LIABILITIES</b>		<b>539,584</b>	<b>522,995</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	17	11,109	27,831
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,109</b>	<b>27,831</b>
<b>TOTAL LIABILITIES</b>		<b>550,693</b>	<b>550,826</b>
<b>NET ASSETS</b>		<b>6,580,643</b>	<b>6,642,493</b>
<b>EQUITY</b>			
Retained earnings		6,580,643	6,642,493
<b>TOTAL EQUITY</b>		<b>6,580,643</b>	<b>6,642,493</b>

The accompanying notes form part of these financial statements.



**Byron Bay Services Club Limited**

ABN: 97 001 490 179

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2017**

**2017**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>6,642,493</b>	<b>6,642,493</b>
Net profit/(loss) for the year	<b>(61,850)</b>	<b>(61,850)</b>
<b>Balance at 30 June 2017</b>	<b>6,580,643</b>	<b>6,580,643</b>

**2016**

	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2015</b>	6,468,346	6,468,346
Net profit/(loss) for the year	174,147	174,147
<b>Balance at 30 June 2016</b>	<b>6,642,493</b>	<b>6,642,493</b>

The accompanying notes form part of these financial statements.

## Byron Bay Services Club Limited

ABN: 97 001 490 179

### Statement of Cash Flows For the Year Ended 30 June 2017

	2017	2016
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	5,008,456	5,265,329
Payments to suppliers and employees	(4,304,714)	(4,678,467)
Interest received	22,982	26,117
Income taxes paid	(1,473)	(35,086)
<b>Net cash provided by operating activities</b>	<b>725,251</b>	<b>577,893</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	68,575	90,860
Purchase of property, plant and equipment	(662,940)	(657,513)
<b>Net cash used by investing activities</b>	<b>(594,365)</b>	<b>(566,653)</b>
Net increase/(decrease) in cash and cash equivalents held	130,886	11,240
Cash and cash equivalents at beginning of year	1,412,295	1,401,055
<b>Cash and cash equivalents at end of financial year</b>	<b>1,543,181</b>	<b>1,412,295</b>

The accompanying notes form part of these financial statements.

## Byron Bay Services Club Limited

ABN: 97 001 490 179

# Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers Byron Bay Services Club Limited as an individual entity. Byron Bay Services Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Byron Bay Services Club Limited is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements, except for the cash flow information, 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (b) Revenue and other income

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(b) Revenue and other income (continued)**

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

##### **Sale of goods**

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

##### **Interest revenue**

Interest is recognised using the effective interest method.

##### **Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

##### **Rental income**

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

#### **(c) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST.

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

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

#### **(d) Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(e) Property, Plant and Equipment**

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### **Depreciation**

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

The estimated useful lives used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Useful life</b>
Buildings	12 - 50 years
Plant and Equipment	4 - 50 years
Poker Machines	2 - 10 years
Furniture and Fittings	3 - 13 years

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

#### **(f) Impairment of non-financial assets**

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

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

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

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

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company, if deprived of the asset, would replace its remaining future economic benefits, value in use shall be determined at the depreciated replacement cost of the asset.

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

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(g) Intangibles**

##### **Poker Machine Entitlements**

Poker machine entitlements were granted to the company by the NSW government prior to 1 July 2004. Poker machine entitlements have been recognised in the statement of financial position at their fair value at 1 July 2004 which has been deemed to be their cost. Subsequent acquisitions of poker machine entitlements are recognised at cost.

Poker machine entitlements are assessed as being intangible assets with a definite useful life and have not been amortised. Poker machine entitlements continue to be carried at cost in the statement of financial position and are subject to an annual impairment test.

#### **(h) Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial Assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(h) Financial instruments (continued)**

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets include its investment in Independent Liquor Group.

The investment in Independent Liquor Group is reported at cost less any impairment charges, as its fair value cannot currently be reliably estimated.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(h) Financial instruments (continued)**

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

##### **Impairment of financial assets**

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

##### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

#### **(i) Cash and cash equivalents**

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(j) Leases**

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

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

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

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

#### **(k) Employee benefits**

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

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

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### **(l) Trade and Other Payables**

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

#### **(m) Provisions**

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **3 Critical Accounting Estimates and Judgements**

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - impairment of property, plant and equipment and intangible assets**

The Company assesses impairment at the end of each reporting period by evaluating conditions 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 estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

## Byron Bay Services Club Limited

ABN: 97 001 490 179

### Notes to the Financial Statements

For the Year Ended 30 June 2017

#### 4 Revenue and Other Income

	2017	2016
	\$	\$
<b>Operating Revenue</b>		
<b>Sale of goods:</b>		
- Bar sales	893,648	996,325
- Catering	1,134,731	1,161,579
<b>Services:</b>		
- Poker machine revenue	2,731,546	2,871,020
- Gaming tax rebate	17,184	17,184
- Membership subscriptions	25,047	25,981
- Keno commission	34,281	34,722
- Tab commission	41,045	25,398
<b>Non-Operating Revenue</b>		
- Interest	22,983	26,117
- Rental income	74,884	74,370
- Insurance recoveries	-	2,336
- Other revenue	57,013	41,444
<b>Total revenue</b>	<u>5,032,362</u>	<u>5,276,476</u>
<b>Other Income</b>		
- net gain on disposal of property, plant and equipment	61,169	78,986
<b>Total other income</b>	<u>61,169</u>	<u>78,986</u>

#### 5 Expenses

Depreciation and Amortisation		
Depreciation - buildings	272,131	260,003
Depreciation - plant, equipment, furniture and fittings	150,920	147,790
Depreciation - poker machines	395,812	343,715
Total Depreciation and Amortisation	<u>818,863</u>	<u>751,508</u>
Employee benefits expense includes:		
Superannuation contributions	163,184	193,246

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2017	2016
Note	\$	\$
Current tax expense	62,415	18,419
Deferred tax expense	(30,500)	(14,504)
<b>Total income tax expense</b>	<b>31,915</b>	<b>3,915</b>

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	(8,981)	53,419
Less tax effect of:		
- non-deductible and non-assessable items	(40,896)	49,504
<b>Income tax expense</b>	<b>31,915</b>	<b>3,915</b>

### 7 Cash and cash equivalents

Cash on hand	169,715	159,715
Cash at bank	373,466	452,580
Short-term deposits	1,000,000	800,000
<b>Total cash and cash equivalents</b>	<b>1,543,181</b>	<b>1,412,295</b>

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	7	1,543,181	1,412,295
<b>Balance as per statement of cash flows</b>		<b>1,543,181</b>	<b>1,412,295</b>

### 8 Trade and other receivables

CURRENT

Trade receivables	23,571	22,850
Provision for doubtful debts	8(a) (6,173)	(5,452)
<b>Total current trade and other receivables</b>	<b>17,398</b>	<b>17,398</b>

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	5,452	5,111
Current year impairment	721	341
<b>Balance at end of the year</b>	<b>6,173</b>	<b>5,452</b>

# Byron Bay Services Club Limited

ABN: 97 001 490 179

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 9 Inventories

	Note	2017 \$	2016 \$
CURRENT			
At cost:			
Bar stock		50,741	47,978
Kitchen stock		16,192	18,260
<b>Total current inventories</b>		<b>66,933</b>	<b>66,238</b>

### 10 Other Assets

CURRENT			
Prepayments		40,953	40,748
Security deposit		5,000	5,000
<b>Total current other assets</b>		<b>45,953</b>	<b>45,748</b>

### 11 Tax Assets and Liability

#### (a) Current tax asset

CURRENT			
Income tax refundable		12,602	12,542
<b>Total current income tax refundable</b>		<b>12,602</b>	<b>12,542</b>

#### (b) Deferred tax assets

NON-CURRENT			
Deferred tax assets	11(c)	362,480	392,980
<b>Total deferred tax assets</b>		<b>362,480</b>	<b>392,980</b>

## Byron Bay Services Club Limited

ABN: 97 001 490 179

# Notes to the Financial Statements

For the Year Ended 30 June 2017

### 11 Tax Assets and Liability (continued)

#### (c) Deferred tax assets comprise:

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
<b>Deferred tax assets</b>			
Property, plant and equipment			
- tax allowances	341,936	15,906	357,842
Provisions	31,986	(1,139)	30,847
Other	4,554	(263)	4,291
<b>Balance at 30 June 2016</b>	<b>378,476</b>	<b>14,504</b>	<b>392,980</b>
Property, plant and equipment			
- tax allowances	357,842	(27,468)	330,374
Provisions	30,847	(3,144)	27,703
Other	4,291	112	4,403
<b>Balance at 30 June 2017</b>	<b>392,980</b>	<b>(30,500)</b>	<b>362,480</b>

### 12 Other financial assets

	2017	2016
	\$	\$
NON-CURRENT		
Available-for-sale financial assets:		
Shares in unlisted entities - at cost	750	750
<b>Total non-current other financial assets</b>	<b>750</b>	<b>750</b>

**Byron Bay Services Club Limited**

ABN: 97 001 490 179

**Notes to the Financial Statements**

For the Year Ended 30 June 2017

**13 Property, plant and equipment**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Freehold land</b>		
At cost	<u>523,160</u>	523,160
<b>Total freehold land</b>	<u>523,160</u>	<u>523,160</u>
<b>Buildings</b>		
At cost	<b>5,762,859</b>	5,517,449
Accumulated depreciation	<u>(3,452,152)</u>	<u>(3,180,021)</u>
<b>Total buildings</b>	<u>2,310,707</u>	<u>2,337,428</u>
<b>Plant, equipment, furniture and fittings</b>		
At cost	<b>2,712,728</b>	2,728,523
Accumulated depreciation	<u>(2,172,164)</u>	<u>(2,157,874)</u>
<b>Total plant, equipment, furniture and fittings</b>	<u>540,564</u>	<u>570,649</u>
<b>Poker machines</b>		
At cost	<b>2,582,526</b>	2,494,387
Accumulated depreciation	<u>(1,474,918)</u>	<u>(1,280,256)</u>
<b>Total poker machines</b>	<u>1,107,608</u>	<u>1,214,131</u>
<b>Total property, plant and equipment</b>	<u>4,482,039</u>	<u>4,645,368</u>

## Byron Bay Services Club Limited

ABN: 97 001 490 179

### Notes to the Financial Statements

For the Year Ended 30 June 2017

#### 13 Property, plant and equipment (continued)

##### (a) Movements in Carrying Amounts

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

	Land	Buildings	Plant, Equipment, Furniture and Fittings	Poker Machines	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2017</b>					
Balance at the beginning of the year	523,160	2,337,428	570,649	1,214,131	4,645,368
Additions	-	245,410	120,835	296,695	662,940
Disposals - written down value	-	-	-	(7,406)	(7,406)
Depreciation expense	-	(272,131)	(150,920)	(395,812)	(818,863)
<b>Balance at the end of the year</b>	<b>523,160</b>	<b>2,310,707</b>	<b>540,564</b>	<b>1,107,608</b>	<b>4,482,039</b>



# Byron Bay Services Club Limited

ABN: 97 001 490 179

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 14 Intangible Assets

	2017	2016
	\$	\$
<b>Poker machine entitlements</b>		
At cost	600,000	600,000
<b>Total intangibles</b>	<u>600,000</u>	<u>600,000</u>

#### (a) Movements in carrying amounts of intangible assets

	Poker Machine Entitlements	Total
	\$	\$
<b>Year ended 30 June 2017</b>		
Balance at the beginning of the year	600,000	600,000
<b>Closing value at 30 June 2017</b>	<u>600,000</u>	<u>600,000</u>

### 15 Trade and other payables

	2017	2016
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	95,374	96,403
Deposits	250	200
GST payable	73,792	60,278
Sundry payables and accrued expenses	126,481	141,890
Provision for land tax	6,148	5,878
<b>Total current trade and other payables</b>	<u>302,045</u>	<u>304,649</u>

### 16 Other Liabilities

<b>CURRENT</b>		
Subscriptions received in advance	12,030	12,953
<b>Total current other liabilities</b>	<u>12,030</u>	<u>12,953</u>

### 17 Provisions

<b>CURRENT</b>		
Employee benefits - Long service leave	142,992	127,821
Employee benefits - Annual leave	76,033	71,088
Employee benefits - Sick leave	6,484	6,484
<b>Total current provisions</b>	<u>225,509</u>	<u>205,393</u>
<b>NON-CURRENT</b>		
Employee benefits - Long service leave	11,109	27,831
<b>Total non-current provisions</b>	<u>11,109</u>	<u>27,831</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 17 Provisions (continued)

#### Provision for employee benefits

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

The current portion for this provision includes the total amount accrued for annual and sick 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, sick 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 the 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 upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 2(k).

### 18 Lessor Commitments

#### *Operating lease commitments receivable - Company as lessor*

	2017	2016
	\$	\$
The future minimum lease payments under non-cancellable leases are:		
- not later than one year	48,348	46,948
- between one year and five years	80,580	125,194
- later than five years	-	-
<b>Total minimum lease payments</b>	<b>128,928</b>	<b>172,142</b>

The operating lease relates to the gymnasium, with lease term of 5 years ending 4 March 2020, and an option to extend for a further 5 years. The operating lease contract contains annual CPI increases and a market review at 4 March 2017.

## Notes to the Financial Statements

For the Year Ended 30 June 2017

### 19 Financial Risk Management

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

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	2017 \$	2016 \$
<b>Financial Assets</b>			
Cash and cash equivalents	7	1,543,181	1,412,295
Loans and receivables	8	17,398	17,398
Available-for-sale financial assets:			
- at cost			
- unlisted investments	12	750	750
<b>Total financial assets</b>		<b>1,561,329</b>	<b>1,430,443</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
- Trade and other payables	15	302,045	304,649
<b>Total financial liabilities</b>		<b>302,045</b>	<b>304,649</b>

### 20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstandings and obligations of the Company. At 30 June 2017 the number of members was 4,812 (2016: 5,181).

### 21 Fair Value Measurement

The Company does not measure any assets or liabilities at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

### 22 Key Management Personnel Disclosures

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

The total remuneration paid to key management personnel of the Company is \$395,675 (2016: \$402,621).

### 23 Related Parties

The directors named in the attached Director's Report each held office as a director of the Company during the year ended 30 June 2017.

There were no related party transactions during the year.

## **Byron Bay Services Club Limited**

ABN: 97 001 490 179

# **Notes to the Financial Statements**

**For the Year Ended 30 June 2017**

### **24 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

### **25 Events Occurring After the Reporting Date**

The financial report was authorised for issue on 22 August 2017 by the Board of Directors.

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.

### **26 Company Details**

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

Byron Bay Services Club Limited  
132 Johnson St  
Byron Bay NSW 2481

## Byron Bay Services Club Limited

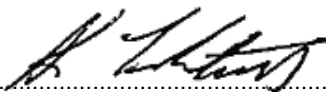
ABN: 97 001 490 179

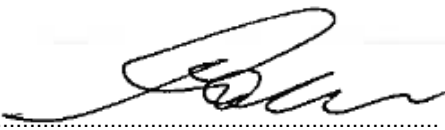
### Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .....  
  
Kevin Edward Tibbett, President

Director .....  
  
Anthony Russell McCabe, Treasurer

Dated this 22nd day of August 2017

**Independent Auditor's Report**  
**To the Members of Byron Bay Services Club Limited**

**Opinion**

We have audited the financial report of Byron Bay Services Club Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

**Basis for Opinion**

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

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

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

**Information Other than the Financial Report and Auditor's Report Thereon**

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

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

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



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

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

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

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

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

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

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

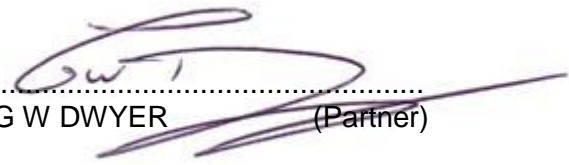
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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

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

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**



.....  
G W DWYER (Partner)

Dated at Byron Bay this 22<sup>nd</sup> day of August 2017