

West Pennant Hills Sports Club

ABN: 50 000 609 450

Financial Statements

For the Year Ended 30 June 2016

West Pennant Hills Sports Club

ABN: 50 000 609 450

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For the Year Ended 30 June 2016

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West Pennant Hills Sports Club

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Directors' Report

30 June 2016

The directors present their report on West Pennant Hills Sports Club for the financial year ended 30 June 2016.

Directors

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

Names	Appointed/Resigned
Richard John Hickey	
William Thomas Austin	
Tony Fugaccia	
Raymond Newton	
John Dowling	
Gary Purcell	
Robert Cole	
Stephen Watson	Appointed 2nd November 2015
Ross Patrick	Appointed 2nd November 2015
Stephen Brady	Resigned 2nd November 2015

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

Company secretary

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

Jason Read (A.C.C.M) has been the company secretary of the Club for the whole of the financial year and up to the date of this report. Jason has worked in the club industry 27 years, 19 years of which with West Pennant Hills Sports Club as Secretary Manager.

Jason is an "Active Certified Club Manager" and an Executive Committee Member of Eastwood Gladesville Liquor Accord.

Principal activities

The principal activity of West Pennant Hills Sports Club during the financial year was the promotion of sport.

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

Operating result

The Club earned an operating profit of \$909,579 (2015: \$ 836,840) before profit on sale of investment property of \$9,594,750 (2015: \$Nil) and depreciation, amortisation and impairments of \$373,107 (2015: \$389,018) and finance costs of \$326,132 (2015: \$265,470). The profit of the Club after providing for income tax amounted to \$9,805,090 (2015: \$182,352).

Short term objectives

The Club's short term objectives are to:

- Enhance the Club's facilities in line with the Club's approved Master Plan development consent.

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Directors' Report

30 June 2016

Long term objectives

The Club's long term objectives are to:

- Improve the Club's trading results through strategic planning of a strong business growth methodology whilst enhancing the Club's standing in the community by promoting sport and sporting Clubs in the local area.

Information on directors

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

Richard John Hickey

Occupation & Qualifications

Chartered Accountant
BA(Econ) B.Bus(Accounting), CPA, CA.

Special Responsibilities

Chairman of Directors, Member of the Finance, Audit and Compliance Committee, Chairman of the Building Development and Maintenance Committee and member of the Management Committees

Years a Director of the Club

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William Thomas Austin

Occupation & Qualifications

Real Estate Agent

Special Responsibilities

Deputy Chairman of Directors, Chairman of Management Committee, Member of the Building Development, Finance, Audit and Compliance Committees.

Years a Director of the Club

23

Tony Fugaccia

Occupation & Qualifications

Retired School Principal

Special Responsibilities

Deputy Chairman of Directors, Chairman of Communications Committee, member of the Associated Sports Liaison and Building Development Committees

Years a Director of the Club

4

Raymond Newton

Occupation & Qualifications

Retired Insurance Executive

Special Responsibilities

Honorary Treasurer, Chairman of the Finance, Audit and Compliance Committee, Member of the Building Development, Management and Communications Committee

Years a Director of the Club

5

Stephen Brady

Occupation & Qualifications

Retired Director of Engineering

Special Responsibilities

Director, Chairman of the Bowling Greens and Grounds Committee and Member of the Building Development and Bowls Section Liaison Committees

Years a Director of the Club

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Directors' Report

30 June 2016

Information on directors continued

John Dowling

Occupation & Qualifications	Retired Building Contractor
Special Responsibilities	Director, Member of the Building Development and Bowling Greens and Grounds Committees
Years a Director of the Club	11

Gary Purcell

Occupation & Qualifications	Retired Company Director
Special Responsibilities	Director, Chairman of Associated Sports Liaison Committee, Member of Building Development Committee
Years a Director of the Club	5

Robert Cole

Occupation & Qualifications	Retired Mechanical Engineer
Special Responsibilities	Director, Member of Bowling Greens and Grounds and Building Development Committees
Years a Director of the Club	2

Stephen Watson

Occupation & Qualifications	IT Sales Manager
Special Responsibilities	Director, Member of Bowling Greens and Grounds and Building Development Committees
Years a Director of the Club	1

Ross Patrick

Occupation & Qualifications	Retired
Special Responsibilities	Director, Member of Building Development Committee
Years a Director of the Club	1

Meetings of directors

During the financial year, sixteen meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Richard John Hickey	16	16
William Thomas Austin	16	15
Tony Fugaccia	16	15
Raymond Newton	16	15
Stephen Brady	9	-
John Dowling	16	12
Gary Purcell	16	16
Robert Cole	16	16
Stephen Watson	10	8
Ross Patrick	10	10

West Pennant Hills Sports Club

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Directors' Report

30 June 2016

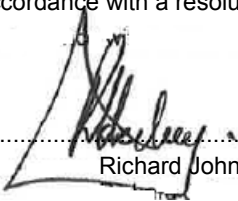
Meetings of directors continued


The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$2 (2015: \$2) towards meeting any outstanding obligations of the entity.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2016 has been received and can be found on page 5 of the financial report.

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

Director:

Richard John Hickey

Director:

Raymond Newton

Dated: 28th September 2016

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of West Pennant Hills Sports Club

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

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



PKF
Chartered Accountants



SCOTT TOBUTT
Partner

Dated: 28th September 2016

Level 8, 1 O'Connell Street, Sydney NSW 2000

West Pennant Hills Sports Club

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	2	7,251,180	6,711,770
Profit on sale of investment property	2	9,594,750	-
Cost of sales	3	(463,440)	(462,726)
Employee benefits expense		(1,864,448)	(1,700,855)
Depreciation and amortisation expense	3	(373,107)	(389,018)
Courtesy bus expense		(169,837)	(169,418)
Advertising expense		(8,576)	(25,969)
Insurance expense		(96,218)	(94,329)
Poker machine duty		(1,049,469)	(922,794)
Community development expense		(87,084)	(96,044)
Entertainment and promotion expense		(1,111,060)	(1,032,252)
Rates and utilities expense		(190,232)	(212,928)
House expenses		(148,613)	(132,120)
Repairs and maintenance		(303,755)	(274,665)
Lease expense		(338,112)	(297,581)
Other expenses		(510,757)	(453,249)
Finance costs	3	(326,132)	(265,470)
Profit before income tax		9,805,090	182,352
Income tax expense		-	-
Profit from continuing operations		9,805,090	182,352
Other comprehensive income		-	-
Total comprehensive income for the year		9,805,090	182,352

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

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Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,374,292	1,389,922
Trade and other receivables	5	50,427	45,371
Inventories	6	57,640	44,404
Financial assets	9	6,000,000	-
Other assets	7	135,738	8,112
TOTAL CURRENT ASSETS		7,618,097	1,487,809
NON-CURRENT ASSETS			
Financial assets	9	500	500
Property, plant and equipment	8	16,604,058	11,855,105
Investment property	10	1,505,562	4,010,811
Intangible assets	11	1,668,045	1,668,045
TOTAL NON-CURRENT ASSETS		19,778,165	17,534,461
TOTAL ASSETS		27,396,262	19,022,270
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	357,623	663,479
Borrowings	13	416,207	34,412
Short-term provisions	14	229,610	218,892
Other liabilities		-	1,316,055
TOTAL CURRENT LIABILITIES		1,003,440	2,232,838
NON-CURRENT LIABILITIES			
Borrowings	13	5,825,893	6,021,255
Long-term provisions	14	27,075	33,413
TOTAL NON-CURRENT LIABILITIES		5,852,968	6,054,668
TOTAL LIABILITIES		6,856,408	8,287,506
NET ASSETS		20,539,854	10,734,764
EQUITY			
Reserves	16	4,738,316	4,738,316
Retained earnings		15,801,538	5,996,448
TOTAL EQUITY		20,539,854	10,734,764

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2016

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2015	5,996,448	4,738,316	10,734,764
Profit for the year	9,805,090	-	9,805,090
Balance at 30 June 2016	15,801,538	4,738,316	20,539,854

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
Balance at 1 July 2014	5,814,096	4,738,316	10,552,412
Profit for the year	182,352	-	182,352
Balance at 30 June 2015	5,996,448	4,738,316	10,734,764

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

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Statement of Cash Flows For the Year Ended 30 June 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	7,125,515	6,785,839
Payments to suppliers and employees	(6,721,939)	(5,745,640)
Interest received	14,554	23,191
Finance costs	(326,132)	(265,470)
Net cash provided by operating activities	<u>91,998</u>	<u>797,920</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(5,184,060)	(4,161,631)
Payments for investment properties	-	(151,250)
Proceeds from sale of investment property	10,889,999	1,210,000
Purchase of financial assets	(6,000,000)	-
Net cash used by investing activities	<u>(294,061)</u>	<u>(3,102,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	381,795	3,133,980
Repayment of borrowings	(195,362)	(7,341)
Net cash provided by financing activities	<u>186,433</u>	<u>3,126,639</u>
Net increase (decrease) in cash and cash equivalents held	(15,630)	821,678
Cash and cash equivalents at beginning of year	<u>1,389,922</u>	568,244
Cash and cash equivalents at end of financial year	4 <u><u>1,374,292</u></u>	<u>1,389,922</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2016

The financial report covers West Pennant Hills Sports Club as an individual entity. West Pennant Hills Sports Club is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997. The income tax exemption has been claimed based on self assessment by the Directors of the Club.

(d) 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 Club 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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(e). 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 entity 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.

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

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.

Revenue from the rendering of services is recognised upon the delivery of service to the customers. Revenue from services primarily includes entertainment, membership and gaming revenue being gaming machine clearances, net of payouts.

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

Rental revenue is recognised on an accruals basis or straight line basis in accordance with the lease agreements.

(f). Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g). 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.

(h). Inventories

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

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(i). Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

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

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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

Fixed asset class	Depreciation rate
Buildings	4%
Plant and Equipment	2.5% - 33%
Improvements	4% - 27%

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.

(j). Investment property

Investment property, comprising residential property, is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by directors or independent valuers. Changes to fair value are recorded in the income statement as other income.

(k). Financial instruments

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(k). Financial instruments continued

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).

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 Club's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

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.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

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

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

Financial liabilities

Financial liabilities are recognised when the Club becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

The Club'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 Club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(k). Financial instruments continued

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.

(l). Intangible Assets

Intangible assets consist of Poker machine entitlements which are initially recorded at cost. Poker machine entitlements have an indefinite life and are carried at cost less accumulated impairment losses. The carrying value of intangibles are assessed annually for impairment.

(m). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand 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.

(n). Employee benefits

Provision is made for the Club'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 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 twelve months 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. Cashflows are discounted using market yields on national government bonds 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 Club 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.

(o). 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(p). Critical accounting estimates and judgments

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 plant and equipment

Directors have assessed that there is no significant increase or decrease in fair value of property, plant and equipment compared to the carrying value as at 30 June 2013 and therefore no revaluation or impairment has been recognised. In addition the directors have delayed further independent revaluation until completion of the Master Plan.

Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value in use. Value in use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a rate of 7% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key estimates - income tax exemption status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2016, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of investment property

Directors have assessed that there is no significant increase or decrease in the fair value of investment properties compared to the carrying value as at 30 June 2015 and therefore no revaluation or impairment has been recognised.

The movement in investment property in the 2016 financial year relates to the sale of the Epping property which was completed with a settlement date of 5th May 2016.

West Pennant Hills Sports Club

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Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
2 Revenue and Other Income		
Sales revenue		
- Gaming revenue	5,338,985	4,882,014
- Bar sales	1,245,384	1,206,685
	<u>6,584,369</u>	6,088,699
Other revenue		
- Promotion revenue	265,662	195,819
- Sporting club income	99,943	100,311
- Commission received	90,177	67,826
- Membership subscriptions	28,058	28,311
- Rental income	122,292	158,306
- Interest received	14,554	23,191
- Other revenue	46,125	49,307
	<u>666,811</u>	623,071
- Profit on sale of investment property	9,594,750	-
	<u>16,845,930</u>	6,711,770
Total Revenue and Other Income		
	<u>16,845,930</u>	6,711,770
3 Result for the Year		
Profit before income tax expense has been determined after the following specific expenses:		
4 Cash and cash equivalents		
Cash at bank	1,135,292	1,200,922
Cash on hand	239,000	189,000
	<u>1,374,292</u>	1,389,922
5 Trade and other receivables		
CURRENT		
Trade receivables	50,427	45,371
6 Inventories		
CURRENT		
Bar and catering stock on hand	57,640	44,404
7 Other assets		
CURRENT		
Prepayments	135,738	8,112
8 Property, plant and equipment		
Freehold land at valuation	4,350,000	4,350,000

West Pennant Hills Sports Club

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Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
8 Property, plant and equipment continued		
Buildings at valuation	1,750,000	1,750,000
Less accumulated depreciation	<u>(420,000)</u>	<u>(420,000)</u>
Total buildings	1,330,000	1,330,000
Total land and buildings	<u>5,680,000</u>	<u>5,680,000</u>
Capital works in progress		
At cost	<u>9,181,625</u>	5,226,261
Plant and equipment		
At cost	3,470,603	4,104,315
Accumulated depreciation	<u>(1,898,089)</u>	<u>(3,341,028)</u>
Total plant and equipment	<u>1,572,514</u>	763,287
Improvements		
At cost	385,172	385,172
Accumulated depreciation	<u>(215,253)</u>	<u>(199,615)</u>
Total improvements	<u>169,919</u>	185,557
Total property, plant and equipment	<u><u>16,604,058</u></u>	<u>11,855,105</u>

The company's land and buildings were revalued at 30 June 2013 by independent valuers. The 2016 valuation was performed by the Directors. Valuations were made on the basis of open market value in an arms length transaction based on similar properties. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity. Director's valuations were performed at 30 June 2016.

Capital works in progress reflect accumulated payments made in regards to the completion of Master Plan Stage 1A.

(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:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Improvement s	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016						
Balance at the beginning of year	5,226,261	4,350,000	1,330,000	763,287	185,557	11,855,105
Additions	3,955,364	-	-	1,166,696	-	5,122,060
Depreciation expense	-	-	-	(357,469)	(15,638)	(373,107)
Balance at the end of the year	<u>9,181,625</u>	<u>4,350,000</u>	<u>1,330,000</u>	<u>1,572,514</u>	<u>169,919</u>	<u>16,604,058</u>

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
9 Financial assets		
CURRENT		
Term deposits	<u>6,000,000</u>	-
NON-CURRENT		
Unlisted investments, at cost/shares in other corporations	<u>500</u>	500
10 Investment property		
Balance at beginning of the period	4,010,811	3,859,561
Commissions paid on sale of property	-	151,250
Disposals	<u>(2,505,249)</u>	-
Balance at end of the period	<u><u>1,505,562</u></u>	<u><u>4,010,811</u></u>
<p>"Investment property" shown above are investments in residential properties at Bowerman Place, Cherrybrook and 97-99 New Line Road, Cherrybrook. Investment Property also consists of the Epping Club property, acquired as part of the 2001 amalgamation and transferred to Investment Property in the 2013 financial year and subsequently disposed of on 5th May 2016.</p> <p>Investment property situated at Bowerman Place, Cherrybrook is carried at fair value, determined in 2013 by independent valuation. The investment property situated at 97-99 New Line Road, Cherrybrook was purchased on 7 January 2011 and carried at cost.</p> <p>The Directors have completed annual assessments of the market value of properties in the Cherrybrook suburb and at 30 June 2016 their annual assessment has determined that there has been no material movement in the fair values of Investment property.</p> <p>Core and non core properties</p> <p>Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act") the members approved and agreed to classify the following properties as core or non core as defined by the Act:</p> <ul style="list-style-type: none">- Core property is specified as the club house, bowling greens, car park and property contained in the consolidated land title under which these areas are held. These are classified as property, plant and equipment in the balance sheet.- Non core properties are specified as the residential house owned by the club being 20 Bowerman Place, Cherrybrook and Vacant Land at 97-99 New Line Road, Cherrybrook.		
11 Intangible Assets		
Poker machine entitlements at cost	<u>1,668,045</u>	1,668,045
12 Trade and other payables		
CURRENT		
Trade creditors	191,926	121,985
Accrued expenses	<u>165,697</u>	541,494
	<u><u>357,623</u></u>	<u><u>663,479</u></u>
13 Borrowings		
CURRENT		
Finance lease obligation	<u>416,207</u>	34,412

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
13 Borrowings continued		
NON-CURRENT		
Commercial bill facility	4,590,000	5,428,423
Finance lease obligation	695,893	2,832
Bank loans	540,000	590,000
	<u>5,825,893</u>	<u>6,021,255</u>

Each liability is secured by a first registered real property mortgage over the commercial property located at 103 New Line Road Cherrybrook NSW 2126, 20 Bowerman Place Cherrybrook NSW 2126 and 97-99 New Line Road Cherrybrook NSW 2126. First registered fixed and floating charge over the assets and undertakings of the Club and a deed of charge over the liquor licence and poker machine permits of the Club.

(a). Loan facilities		
Loan facilities	9,490,000	6,500,000
Credit Cards	20,000	20,000
	<u>9,510,000</u>	<u>6,520,000</u>

The major facilities are summarised as follows:

Balance unused at reporting date	4,380,000	3,211,577
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14 Provisions

CURRENT		
Provision for Annual Leave	154,459	153,342
Provision for Long Service Leave	75,151	65,550
	<u>229,610</u>	<u>218,892</u>
NON-CURRENT		
Provision for Long Service Leave	27,075	33,413

Provision for Short-Term Employee Entitlements

A provision has been recognised for employee benefits relating to long service leave, annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Long-Term Employee Entitlements

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

15 Other liabilities

CURRENT		
Rental income received in advance	-	106,055
Deposit received on sale of Epping property	-	1,210,000
	<u>-</u>	<u>1,316,055</u>

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
16 Reserves		
Asset revaluation reserve	<u>4,738,316</u>	4,738,316

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

17 Leasing Commitments

(a) **Finance lease commitments**

Payable - minimum lease payments:

- not later than 1 year	13	416,207	34,412
- between one year and five years	13	695,893	2,832
		<u>1,112,100</u>	<u>37,244</u>

(b) **Contracted Commitments**

Contracted commitments for:

Merlot Constructions		-	2,081,707
Alleasing		742,445	-
		<u>742,445</u>	<u>2,081,707</u>

At the year end the Club has no further contractual commitments in relation to Master Plan Stage 1A. At year end the Club has not entered into any contractual agreements for the completion of Master Plan Stage 1B.

18 Financial Risk Management

The main risks West Pennant Hills Sports Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

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

Financial Assets

Cash and cash equivalents	1,374,292	1,389,922
Trade and other receivables	50,427	45,371
Financial assets at fair value through profit or loss		
Term deposits	6,000,000	-
- listed shares	500	500
Total financial assets	<u>7,425,219</u>	<u>1,435,793</u>

Financial Liabilities

Financial liabilities at amortised cost

Trade and other payables	357,623	663,479
- Borrowings	6,242,100	6,055,667
Total financial liabilities	<u>6,599,723</u>	<u>6,719,146</u>

West Pennant Hills Sports Club

ABN: 50 000 609 450

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Interest of Key Management Personnel

The total remuneration paid to key management personnel of the Club is \$ 406,854 (2015: \$ 406,644).

20 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year one of the directors, Stephen Watson, rented Investment property situated at 20 Bowerman Place from the Club at a cost of \$32,850. The property was let through an independent agent on commercial terms and conditions no more favourable than those available to other parties.

21 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Club did not have any contingencies at 30 June 2016 (30 June 2015: None)

22 Members' Guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of \$2. At 30 June 2016 the number of members was 8,486 (2015: 8,071).

23 Events Occurring After the Reporting Date

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

24 Company Details

The registered office of the company is:

West Pennant Hills Sports Club
103 New Line Road
Cherrybrook NSW 2125

West Pennant Hills Sports Club

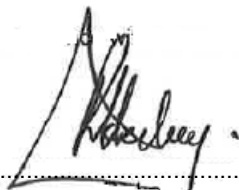
ABN: 50 000 609 450

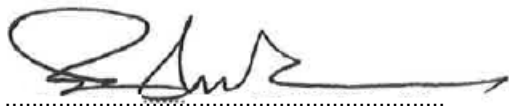
Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 21 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Club.
2. In the directors' opinion, there are reasonable grounds to believe that the Club 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

Richard John Hickey

Director

Raymond Newton

Dated: 28th September 2016

West Pennant Hills Sports Club

ABN: 50 000 609 450

Independent Audit Report to the members of West Pennant Hills Sports Club

Report on the Financial Report

We have audited the accompanying financial report of West Pennant Hills Sports Club, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Club 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club's preparation of the financial report that gives a true and fair view 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 Club's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

West Pennant Hills Sports Club

ABN: 50 000 609 450

Independent Audit Report to the members of West Pennant Hills Sports Club

Opinion

In our opinion the financial report of West Pennant Hills Sports Club is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Club's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



PKF
Chartered Accountants

Level 8, 1 O'Connell Street, Sydney NSW 2000

Dated: 28th September 2016



SCOTT TOBUTT
Partner