

# **Randwick Labor Club Limited**

ABN 35 000 353 417

## **Financial Statements**

For the Year Ended 31 October 2014

# Randwick Labor Club Limited

ABN 35 000 353 417

31 October 2014

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# Randwick Labor Club Limited

ABN 35 000 353 417

## Directors' Report

31 October 2014

Your directors present their report on the company for the financial year ended 31 October 2014.

### Directors

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

<b>Names</b>	<b>Appointed/Resigned</b>
Ken Murray (President)	
John Johnson (Treasurer)	
Dominic Sullivan (Secretary)	
Peter Bell	
Ann Bowen	
Anthony Bowen	
Brian Ferguson	
Vic Smith	
Christina Curry	
Chris Bastic	

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

### Principal activities

The principal activities of Randwick Labor Club Limited during the financial year were managing licensed social clubs and property investment.

No significant changes in the nature of the company's activities occurred during the financial year.

### Short term objectives

The company's short term objectives are to:

- maintain the financial viability of the company through routine monitoring and control, by comparison and benchmarking within the Club Industry and through Key Performance Indicators (KPIs);
- provide members with services and facilities that meet or exceed their expectations;
- maintain the company support to the local community through financial support and provision of facilities to assist with fundraising opportunities;
- monitor staff development and provide training to enhance career advancement; and
- complete the Randwick Bowling Club Renovation Project through trading cash flow.

### Long term objectives

The company's long term objective is to promote and maintain the heritage and foundation principles in accordance with the company's Constitution.

# Randwick Labor Club Limited

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## Directors' Report

31 October 2014

### Strategy for achieving the objectives

To achieve these objectives, the company is developing the following strategies:

- Development of 5 year and 10 year Strategic Plans covering the following key areas of business planning to ensure financial viability: Property Masterplan, Market Segment, Services and Facilities, Food Operation, Gaming Operation, Entertainment, Promotional Activity, Marketing Strategy, Membership Communication, Staff Development and Succession Planning for Management and Directors.
- Payment of existing financial facilities over the next 5 years; and
- Maximising the financial returns from the company's investments to ensure ongoing success and best use of resources.

### Performance measures

The company measures its own performance through the use of both quantitative and qualitative KPIs. The KPIs, which include Bar Gross Profit Percentage, Food Operation Gross Profit Percentage, Gaming Machine Return to Player Minimum, Interest Cover Ratio, are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

### Significant changes in state of affairs

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

### After balance date events

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

### Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 4.

### Information on Directors

Information on directors is included elsewhere in the Annual Report.

# Randwick Labor Club Limited

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## Directors' Report

31 October 2014


### Meetings of directors

During the financial year, 20 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Committee and Sub Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ken Murray (President)	15	14	5	5
John Johnson (Treasurer)	15	13	2	2
Dominic Sullivan (Secretary)	15	11	3	1
Peter Bell	15	11	2	2
Ann Bowen	15	14	3	3
Anthony Bowen	15	10	2	1
Brian Ferguson	15	12	3	1
Vic Smith	15	15	3	3
Christina Curry	15	14	3	2
Chris Bastic	15	13	2	2

Randwick Labor Club Limited 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 \$20 each towards meeting any outstanding obligations of the company. At 31 October 2014, the total amount that members of the company are liable to contribute if the company wound up is \$129,380 (2013: \$124,720)

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

Director:  .....

Ken Murray

Director:  .....

Dominic Sullivan

Dated this 15th day of January 2015

# Randwick Labor Club Limited

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## Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Randwick Labor Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 October 2014, 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.



Priestley & Morris  
Chartered accountants



P A Cordwell  
Partner

Level 7, 3 Horwood Place  
Parramatta NSW 2150

Dated this 15th day of January 2015

# Randwick Labor Club Limited

ABN 35 000 353 417

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 October 2014

		2014	2013
	Note	\$	\$
Revenue	2	8,635,788	8,578,782
Other income	2	745,886	164,143
Raw materials and consumables used		(777,541)	(746,817)
Employee benefits expense		(2,200,632)	(2,247,732)
Depreciation and amortisation expense	3	(1,044,185)	(988,050)
Occupancy expenses		(692,617)	(675,424)
Rental properties' expenses		(330,088)	(313,673)
Poker machine duty		(911,660)	(947,419)
Professional fees		(150,353)	(151,892)
Promotion and games expense		(790,234)	(844,093)
Donations and community support		(111,679)	(169,834)
Central monitoring expenses		(50,263)	(48,111)
Finance costs	3	(318,086)	(286,795)
Repairs and maintenance		(192,308)	(200,109)
Advertising and marketing expenses		(83,852)	(81,073)
Other expenses		(319,347)	(273,586)
<b>Profit before income tax</b>		<b>1,408,829</b>	<b>768,317</b>
Income tax expense	4	(218,830)	(53,486)
<b>Profit for the year</b>		<b>1,189,999</b>	<b>714,831</b>
<b>Other comprehensive income after income tax:</b>			
Loss on revaluation of land and buildings		-	(137,152)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>(137,152)</b>
<b>Total comprehensive income for the year</b>		<b>1,189,999</b>	<b>577,679</b>

# Randwick Labor Club Limited

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## Statement of Financial Position

As At 31 October 2014

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	911,113	569,245
Trade and other receivables	7	5,441	20,643
Inventories	8	71,672	67,155
Other assets	9	80,574	83,954
TOTAL CURRENT ASSETS		<u>1,068,800</u>	740,997
NON-CURRENT ASSETS			
Property, plant and equipment	10	20,303,264	20,571,648
Investment property	11	23,400,000	19,450,000
Deferred tax assets	14	19,974	15,038
Other assets	9	5,000	5,000
TOTAL NON-CURRENT ASSETS		<u>43,728,238</u>	40,041,686
TOTAL ASSETS		<u>44,797,038</u>	40,782,683
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	493,814	636,913
Borrowings	13	234,715	183,659
Employee benefits	15	471,993	521,089
Other liabilities	16	23,664	7,570
TOTAL CURRENT LIABILITIES		<u>1,224,186</u>	1,349,231
NON-CURRENT LIABILITIES			
Borrowings	13	6,919,644	4,172,524
Deferred tax liabilities	14	2,425,010	2,201,244
Employee benefits	15	32,393	19,361
Other liabilities	16	-	34,517
TOTAL NON-CURRENT LIABILITIES		<u>9,377,047</u>	6,427,646
TOTAL LIABILITIES		<u>10,601,233</u>	7,776,877
NET ASSETS		<u>34,195,805</u>	33,005,806
<b>EQUITY</b>			
Reserves		4,128,027	4,128,027
Retained earnings		30,067,778	28,877,779
TOTAL EQUITY		<u>34,195,805</u>	33,005,806

The accompanying notes form part of these financial statements



# Randwick Labor Club Limited

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## Statement of Changes in Equity

For the Year Ended 31 October 2014

2014

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 November 2013</b>	<b>28,877,779</b>	<b>4,128,027</b>	<b>33,005,806</b>
<b>Comprehensive income</b>			
Profit attributable to members of the company	1,189,999	-	1,189,999
<b>Total comprehensive income attributable to members of the company</b>	<b>1,189,999</b>	<b>-</b>	<b>1,189,999</b>
<b>Balance at 31 October 2014</b>	<b>30,067,778</b>	<b>4,128,027</b>	<b>34,195,805</b>

2013

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
<b>Balance at 1 November 2012</b>	<b>28,162,948</b>	<b>4,265,179</b>	<b>32,428,127</b>
<b>Comprehensive income</b>			
Profit attributable to members of the company	714,831	-	714,831
Loss on revaluation of land and buildings	-	(137,152)	(137,152)
<b>Total comprehensive income attributable to members of the company</b>	<b>714,831</b>	<b>(137,152)</b>	<b>577,679</b>
<b>Balance at 31 October 2013</b>	<b>28,877,779</b>	<b>4,128,027</b>	<b>33,005,806</b>

For a description of the reserve, refer to Note 17.

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## Statement of Cash Flows

For the Year Ended 31 October 2014

	2014	2013
	\$	\$
<b>Cash flows from operating activities:</b>		
Receipts from customers	9,481,130	9,441,560
Payments to suppliers and employees	(7,637,367)	(7,360,798)
Interest received	13,651	35,431
Finance costs	(318,086)	(286,795)
<b>Net cash generated by operating activities</b>	<b>1,539,328</b>	<b>1,829,398</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(791,522)	(2,757,478)
Purchase of investment property	(3,204,114)	-
<b>Net cash used by investing activities</b>	<b>(3,995,636)</b>	<b>(2,757,478)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	3,300,000	-
Repayment of borrowings	(501,824)	(160,895)
<b>Net cash used by financing activities</b>	<b>2,798,176</b>	<b>(160,895)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>	<b>341,868</b>	<b>(1,088,975)</b>
Cash and cash equivalents at beginning of financial year	569,245	1,658,220
<b>Cash and cash equivalents at end of financial year</b>	<b>911,113</b>	<b>569,245</b>

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# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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### 1 Summary of Significant Accounting Policies

The financial report is for Randwick Labor Club Limited as an individual entity, incorporated and domiciled in Australia. Randwick Labor Club Limited is a company limited by guarantee.

#### (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 of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 15 January 2015 by the directors of the company.

#### Accounting Policies

#### (b) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the service to customers.

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

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

Other revenue, including membership fees, is recognised when the right to receive the revenue has been established.

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

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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### 1 Summary of Significant Accounting Policies (continued)

#### (c) Income Tax

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

The charge for income tax expense is based on the profit adjusted for any non-assessable or disallowed items. It is calculated using the proportion of net income attributable to non-members together with investment and property income and is provided at tax rates that have been enacted or are substantially enacted as at the end of the reporting period.

Deferred income tax expense represents movements in deferred tax asset and deferred tax liability balances during the year.

Current and deferred income tax expense (income) is charged directly to equity instead of the profit or loss when the tax relates to items that are credited directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

#### (d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held-at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### (e) Inventories

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

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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### 1 Summary of Significant Accounting Policies (continued)

#### (f) Property, Plant and Equipment

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

##### Club Property

Freehold land and buildings are shown at their fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation reserve. All other decreases are recognised in the statement of profit or loss and other comprehensive income.

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

##### Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and the impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

##### Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Plant and Equipment	5 - 50%

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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### 1 Summary of Significant Accounting Policies (continued)

#### (f) Property, Plant and Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (g) Investment Property

Investment property, comprising freehold land and buildings, is held to generate long-term rental yields. All tenant leases are on an arms length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the statement of profit or loss and other comprehensive income as other income.

#### (h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of profit or loss and other comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

#### (i) 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.

#### (j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

# Randwick Labor Club Limited

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Notes to the Financial Statements

For the Year Ended 31 October 2014

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## 1 Summary of Significant Accounting Policies (continued)

### (k) Financial Instruments

#### Initial recognition and measurement

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

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

#### Classification and subsequent measurement

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

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

##### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

##### (iii) *Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost.

#### Fair value

Fair value is based on independent "fair market" valuations.

#### Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

# Randwick Labor Club Limited

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Notes to the Financial Statements

For the Year Ended 31 October 2014

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## 1 Summary of Significant Accounting Policies (continued)

### (k) Financial Instruments (continued)

#### Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### (l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable in the statement of financial position.

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

### (m) Comparative Figures

Comparative figures have been adjusted, where necessary, to conform with changes in presentation for the current financial year.

### (n) Critical Accounting Estimates and Judgments

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

#### *Key estimates - Impairment*

The Club freehold land and buildings were independently valued on a fair value basis on 22 October 2013 (Randwick Labor Club and Randwick Bowling Club) by Global Valuation Services Pty Limited. The fair value was derived by adding the assessed depreciated replacement cost of the improvements and special features of the buildings to the underlying market value of the land, relative to the improvements thereon and enterprise conducted, i.e. as an operating registered Club, together with its ancillary improvements. The valuation resulted in a revaluation decrement being recognised for the year ended 31 October 2013.

At 31 October 2014, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in the 2013 financial year and do not believe there has been a significant change in the assumptions, except for the additional building renovations performed in the 2014 year and recognised at cost, at 31 October 2014. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value at 31 October 2014.



# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

	2014	2013
	\$	\$
<b>2 Revenue and Other Income</b>		
<b>Revenue</b>		
- Poker machine takings	5,359,818	5,441,250
- Bar trading	1,515,314	1,410,307
- Bistro and dining trading	450,907	510,874
- Membership fees	54,050	22,226
- TAB and KENO commissions	85,405	93,717
- Rental revenue - investment properties	1,008,778	950,585
- Interest received	13,651	35,431
- Functions and room hire	56,688	44,625
- Sundry revenue	91,177	69,767
	<u>8,635,788</u>	<u>8,578,782</u>
<b>Other income:</b>		
- Fair value adjustment - investment properties	<u>745,886</u>	<u>164,143</u>
<b>3 Profit for the Year</b>		
<b>(a) Expenses</b>		
Depreciation and Impairment:		
Buildings	327,500	279,375
Plant and machinery	712,482	704,461
Motor vehicles	4,203	4,214
	<u>1,044,185</u>	<u>988,050</u>
Finance costs	<u>318,086</u>	<u>286,795</u>
<b>(b) Significant Revenue and Expenses</b>		
The following significant revenue item is relevant in explaining the financial performance:		
Fair value adjustment - investment properties	<u>745,886</u>	<u>164,143</u>

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

	2014	2013
	\$	\$
<b>4 Income tax expense</b>		
<b>(a) The components of tax expense comprise:</b>		
Deferred tax	14 <u>218,830</u>	<u>53,486</u>
<b>(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	422,648	230,495
Less:		
Tax effect of:		
- adjusted profit on non-taxable member income, arising from the principle of mutuality.	<u>(203,818)</u>	<u>(177,009)</u>
Income tax attributable to company	<u>218,830</u>	<u>53,486</u>
<b>5 Key Management Personnel Compensation</b>		
<p>Any persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company is considered key management personnel.</p> <p>The totals of remuneration paid to the key management personnel of the company during the year are as follows:</p>		
Key management personnel compensation	<u>442,932</u>	<u>409,126</u>
<b>6 Cash and Cash Equivalents</b>		
Cash on hand	183,100	173,100
Cash at bank	712,153	380,672
Short-term bank deposits	15,860	15,473
	20 <u>911,113</u>	<u>569,245</u>

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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		2014	2013
		\$	\$
<b>7 Trade and other receivables</b>			
CURRENT			
Trade and other receivables	20	<u>5,441</u>	<u>20,643</u>
<b>8 Inventories</b>			
CURRENT			
At lower of cost and net realisable value:			
Bar stock		62,553	59,111
Bistro stock		<u>9,119</u>	<u>8,044</u>
		<u>71,672</u>	<u>67,155</u>
<b>9 Other Assets</b>			
CURRENT			
Prepayments		<u>80,574</u>	<u>83,954</u>
NON-CURRENT			
Security deposit		<u>5,000</u>	<u>5,000</u>

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

	2014	2013
	\$	\$
<b>10 Property, Plant and Equipment</b>		
LAND AND BUILDINGS		
Freehold land		
At independent valuation	<u>4,950,000</u>	4,950,000
Buildings		
At cost	88,294	-
At independent valuation	13,100,000	13,100,000
Accumulated depreciation	<u>(327,500)</u>	-
	<u>12,860,794</u>	13,100,000
Total land and buildings	<u>17,810,794</u>	18,050,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	6,960,938	6,582,878
Accumulated depreciation	<u>(4,508,050)</u>	(4,105,015)
Total plant and equipment	<u>2,452,888</u>	2,477,863
Motor vehicles		
At cost	50,452	50,452
Accumulated depreciation	<u>(10,870)</u>	(6,667)
Total motor vehicles	<u>39,582</u>	43,785
<b>Total property, plant and equipment</b>	<u>20,303,264</u>	20,571,648

### (a) Asset revaluations

The Club freehold land and buildings were independently valued on a fair value basis on 22 October 2013 (Randwick Labor Club and Randwick Bowling Club) by Global Valuation Services Pty Limited. The fair value was derived by adding the assessed depreciated replacement cost of the improvements and special features of the buildings to the underlying market value of the land, relative to the improvements thereon and enterprise conducted, i.e. as an operating registered Club, together with its ancillary improvements. The valuation resulted in a revaluation decrement being recognised for the year ended 31 October 2013.

At 31 October 2014, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in the 2013 financial year and do not believe there has been a significant change in the assumptions, except for the additional building renovations performed in the 2014 year and recognised at cost, at 31 October 2014. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value at 31 October 2014.

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

### 10 Property, Plant and Equipment (continued)

#### (b) Movements in Carrying Amounts

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

	Land	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	4,950,000	13,100,000	2,477,863	43,785	20,571,648
Additions	-	88,294	718,067	-	806,361
Disposals	-	-	(30,560)	-	(30,560)
Depreciation expense	-	(327,500)	(712,482)	(4,203)	(1,044,185)
Balance at 31 October 2014	4,950,000	12,860,794	2,452,888	39,582	20,303,264

### 11 Investment Property

	2014	2013
	\$	\$
Balance at beginning of year	19,450,000	19,275,000
Acquisitions	3,204,114	10,857
Fair value adjustments	745,886	164,143
Balance at end of year	23,400,000	19,450,000

The fair value model is applied to investment properties, which were revalued to their fair market value as determined by an independent valuation performed by Global Valuation Services Pty Limited on 6 November 2014.

The basis of the valuation was market value for the existing commercial and residential leases. Sales and leasing information was obtained for residential and commercial sites and units in nearby and surrounding areas as well as normal sales enquiries from local real estate agents with regard to the current state of the market. The valuation resulted in a revaluation increment being recognised in the statement of profit or loss and other comprehensive income.

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

### 12 Trade and other payables

	Note	2014 \$	2013 \$
CURRENT			
Unsecured liabilities			
Trade payables		148,173	300,272
Other payables		345,641	336,641
	20	<u>493,814</u>	<u>636,913</u>

### 13 Borrowings

CURRENT			
Secured liabilities			
Lease liabilities	19	209,715	183,659
Bank loan - equipment		25,000	-
		<u>234,715</u>	<u>183,659</u>
NON-CURRENT			
Secured liabilities			
Lease liabilities	19	44,644	172,524
Bank loans		6,875,000	4,000,000
		<u>6,919,644</u>	<u>4,172,524</u>
Total borrowings	20	<u>7,154,359</u>	<u>4,356,183</u>

**(a) The carrying amounts of non-current assets pledged as security are:**

First mortgage over freehold land and buildings - 141-151 Alison Road, Randwick	14,500,000	13,900,000
First Mortgage over freehold land and buildings - 127-129 Alison Road, Randwick	2,600,000	-
	<u>17,100,000</u>	<u>13,900,000</u>

**(b) Collateral Provided**

The non-current bank facilities are secured by:

- a registered first mortgage over freehold property 141-151 Alison Road, Randwick;
- a registered first mortgage over freehold property 127-129 Alison Road, Randwick;
- a general security interest over all rights, property and undertakings of the company; and
- a negative pledge from the company not to encumber any of its assets without the consent of the bank.

**(c) Leased liabilities are secured by the underlying leased assets.**

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

		2014	2013
		\$	\$
<b>14 Tax</b>			
<b>(a) Assets</b>			
	<b>Note</b>		
NON-CURRENT			
Deferred tax asset		<u>19,974</u>	15,038
<b>(b) Liabilities</b>			
NON-CURRENT			
Deferred tax liability		<u>2,425,010</u>	2,201,244
<b>(c) Reconciliation of gross movements</b>			
The overall movement in the deferred tax accounts is as follows:			
Opening balance		2,186,206	2,132,720
Debited to the income statement	4	<u>218,830</u>	53,486
Closing balance		<u>2,405,036</u>	2,186,206

## 15 Provisions for Employee Benefits

	Employee benefits - annual leave	Employee benefits - long service leave	Total
	\$	\$	\$
Opening balance at 1 November 2013	255,672	284,778	540,450
Additional provisions / (provisions used)	<u>(30,490)</u>	<u>(5,574)</u>	<u>(36,064)</u>
<b>Balance at 31 October 2014</b>	<u>225,182</u>	<u>279,204</u>	<u>504,386</u>

### Analysis of total provisions

	2014	2013
	\$	\$
Current	471,993	521,089
Non-current	<u>32,393</u>	19,361
	<u>504,386</u>	540,450

Provisions have been recognised for employee benefits relating to annual leave and long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1(j) to these financial statements.

# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

	2014	2013
	\$	\$
<b>16 Other Liabilities</b>		
CURRENT		
Deferred income	<u>23,664</u>	<u>7,570</u>
NON-CURRENT		
Deferred income	<u>-</u>	<u>34,517</u>
<b>17 Reserves</b>		
<b>Revaluation Surplus</b>		
The revaluation surplus records revaluations of the Club's freehold land and buildings (excluding investment properties).		
<b>18 Related party transactions</b>		
(a) No related party transactions in 2014 year.		
(b) For key management compensation details refer Note 5.		
<b>19 Capital and Leasing Commitments</b>		
<b>(a) Finance Lease Commitments</b>		
Payable:		
- not later than 12 months	209,715	183,659
- between 12 months and 5 years	44,644	172,524
	<u>254,359</u>	<u>356,183</u>
Finance lease relates to poker machines and an Ebet IT system and are for a period of 3 years.		
<b>(b) Capital Expenditure Commitments</b>		
Capital expenditure commitments contracted for:		
- Bowling Club Refurbishment Project	-	110,000
Payable:		
- not later than 12 months	-	110,000



# Randwick Labor Club Limited

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## Notes to the Financial Statements

For the Year Ended 31 October 2014

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		2014	2013
		\$	\$
<b>20 Financial Risk Management</b>			
<b>Specific Financial Risk Exposures and Management</b>			
<p>The main risks the company is exposed to through its financial instruments are interest rate risk and liquidity risk. The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and bank loans. The carrying amounts 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:</p>			
<b>Financial Assets</b>			
Cash and cash equivalents	6	911,113	569,245
Loans and receivables	7	5,441	20,643
<b>Total financial assets</b>		<u>916,554</u>	<u>589,888</u>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost			
Trade and other payables	12	493,814	636,913
Borrowings	13	7,154,359	4,356,183
<b>Total financial liabilities</b>		<u>7,648,173</u>	<u>4,993,096</u>

### Net Fair Values

The fair values of financial assets approximate their carrying value.

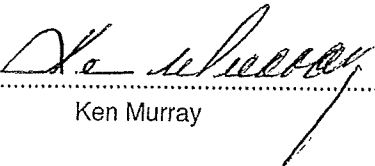
# Randwick Labor Club Limited

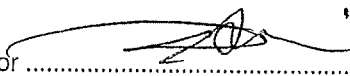
ABN 35 000 353 417

## Directors' Declaration

In accordance with a resolution of the directors of Randwick Labor Club Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 5 to 23, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 31 October 2014 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director .....  
  
Ken Murray

Director .....  
  
Dominic Sullivan

Dated this 15th day of January 2015

# Randwick Labor Club Limited

ABN 35 000 353 417

## Independent Auditor's Report to the members of Randwick Labor Club Limited

### Report on the Financial Report

We have audited the accompanying financial report of Randwick Labor Club Limited, which comprises the statement of financial position as at 31 October 2014, 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 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 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 company'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 company'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* was provided to the directors of Randwick Labor Club Limited on the same date as this auditor's report.

# Randwick Labor Club Limited

ABN 35 000 353 417

Independent Auditor's Report to the members of Randwick Labor Club Limited

## Opinion

In our opinion the financial report of Randwick Labor Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 October 2014 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*.



Priestley & Morris  
Chartered Accountants



P A Cordwell  
Partner

Level 7, 3 Horwood Place  
Parramatta NSW 2150

Dated this 15th day of January 2015