

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

Your directors present this report on the company for the financial year ended 30 June 2019.

Directors

The names of the directors in office at the date of this report are:

	Qualifications	Board Service
R. Blaikie	Retired	15 yrs
A. Corliss	Retired	7 yrs
T. Dagg	Plant Operator	9 yrs
B. Eveleigh	Training Supervisor	10 yrs
C. Ross	Plant Mechanic	13 yrs
C. Scriven	Plant Operator	4 yrs

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

Operating Results

The net loss after income tax expense for the year was \$200,240. (The 2018 year net profit after income tax expense was \$2,597,221 which included extraordinary gains on Hungry Jacks and the Golf Club business combination).

This year's report includes our first full year of investing in and trading from the Muswellbrook Golf Club site.

The Club has been approved for \$1,000,000 in Government Grant Funding from the Department of Premier and Cabinet to complete an upgrade of the Golf Course and provide new and improved facilities for members and guests. As at the date of this report, funding for Milestone 1 has been received and significant progress has been made towards Milestone 2.

Principal Activities

The principal activity of the company during the financial year was to provide comfortable recreational facilities and amenities for members and guests.

Objectives and Strategy

The company's short-term objectives are to maintain a high standard of customer service and to provide modern and comfortable facilities for its members and their guests.

The company is continually introducing new and improved facilities, it financially supports local charities, sporting and community groups, and provides meeting and function rooms for community groups to utilise.

The company's long-term objective is to maintain a high revenue base which includes introducing various sources of diversified income, including the operation of the Centabrook Motel, the lease on commercial and residential rental properties.

The company sets a high standard of service and facilities in its aim to be the Premier Club of the Upper Hunter.

The Board and Management are always reviewing their strategic planning for future expansion of the company.

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks 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.

The company measures its performance by monitoring and managing the following ratios, margins and results:

	2019	2018
- Gearing Ratio	2.33%	4.00%
- Bar Gross Profit	57.75%	57.11%
- EBITDA (earnings before interest, tax, depreciation and one-offs, excluding motel and rentals)	378,834	878,026
- EBITDA as a % of total revenue	5.85%	16.82%

Meetings of Directors

During the financial year twelve board meetings and one special meeting were held. Attendances by each director were as follows:

Names	Board Meetings		Special Meetings	
	Number Eligible To Attend	Number Attended	Number Eligible To Attend	Number Attended
R. Blaikie	12	12	1	1
A. Corliss	12	7	1	0
T. Dagg	12	12	1	1
B. Eveleigh	12	12	1	1
R. Minch	5	1	1	1
C. Ross	12	12	1	1
C. Scriven	12	8	1	0

The secretary of the club is the Chief Executive Officer, D.A. Egan.

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 \$20 each towards meeting any outstanding obligations of the company. At 30 June 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$121,620 (2018: \$129,660).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on the following page of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Barry Eveleigh

**Director
29 October 2019
Muswellbrook**



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
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Muswellbrook NSW 2333

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**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
MUSWELLBROOK R S L SUB BRANCH CLUB LTD**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Muswellbrook R S L Sub Branch Club Ltd. As the lead audit partner for the audit of the financial report of Muswellbrook R S L Sub Branch Club Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey L Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 25th day of October 2019



MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	2	6,008,247.81	4,967,875.75
Cost of Goods Sold		(735,682.00)	(467,875.62)
Direct Costs			
- employee benefits expense		(1,128,634.23)	(645,915.80)
- other direct costs		(1,061,017.77)	(1,010,927.09)
Gross Profit on Trading		<u>3,082,913.81</u>	<u>2,843,157.24</u>
Profit/(Loss) from Motel Activities		160,926.52	46,814.10
Profit/(Loss) from Rental Activities		22,663.97	150,339.56
Other Income	2	685,632.95	1,929,458.59
Gain on Business Combination	2, 23	(175,000.00)	1,191,676.79
Administration and Operating Expenses			
- depreciation and amortisation expense		(758,362.94)	(747,805.64)
- employee benefits expense		(1,042,343.84)	(757,137.31)
- entertainment and members promotions		(608,505.47)	(542,686.34)
- interest paid		(15,941.40)	(18,640.33)
- repairs and maintenance		(319,418.44)	(121,326.80)
- donations		(92,456.90)	(72,739.98)
- other expenses		(1,112,559.17)	(997,312.00)
PROFIT/(LOSS) BEFORE INCOME TAX	3	<u>(172,450.91)</u>	<u>2,903,797.88</u>
Income Tax Expense		<u>(27,788.65)</u>	<u>(306,577.15)</u>
PROFIT FOR THE YEAR		<u>(200,239.56)</u>	<u>2,597,220.73</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(200,239.56)</u>	<u>2,597,220.73</u>

The accompanying notes form part of these financial statements.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,342,716.78	937,601.53
Trade and Other Receivables	5	46,984.36	52,697.26
Inventories	6	61,179.99	54,777.61
Other Assets	7	343,597.97	207,290.14
Investments	8	-	1,000,000.00
TOTAL CURRENT ASSETS		<u>1,342,716.78</u>	<u>2,252,366.54</u>
NON-CURRENT ASSETS			
Investments	8	1,752.14	1,752.14
Property, Plant and Equipment	9	11,225,780.73	11,316,868.00
Investment Property	10	153,454.75	153,619.75
Intangibles	11	1,540,226.16	1,542,231.16
TOTAL NON-CURRENT ASSETS		<u>12,921,213.78</u>	<u>13,014,471.05</u>
TOTAL ASSETS		<u>14,715,692.88</u>	<u>15,266,837.59</u>
CURRENT LIABILITIES			
Trade and Other Payables	12	804,686.46	686,523.84
Borrowings	13	180,000.00	180,000.00
Tax Liabilities	14	-	306,577.15
Provisions	15	-	3,240.10
TOTAL CURRENT LIABILITIES		<u>984,686.46</u>	<u>1,176,341.09</u>
NON-CURRENT LIABILITIES			
Borrowings	13	137,846.82	317,846.82
Provisions	15	152,414.84	131,665.36
TOTAL NON-CURRENT LIABILITIES		<u>290,261.66</u>	<u>499,512.18</u>
TOTAL LIABILITIES		<u>1,274,948.12</u>	<u>1,625,853.27</u>
NET ASSETS		<u>13,440,744.76</u>	<u>13,640,984.32</u>
EQUITY			
Reserves	16	33,388.45	33,388.45
Retained Earnings		13,407,356.31	13,607,595.87
TOTAL EQUITY		<u>13,440,744.76</u>	<u>13,640,984.32</u>

The accompanying notes form part of these financial statements.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings \$	General Reserve \$	Total \$
BALANCE AT 30 JUNE 2017	11,010,375.14	75,234.79	11,085,609.93
Total comprehensive income attributable to members of the company for the year	2,597,220.73	(41,846.34)	2,555,374.39
BALANCE AT 30 JUNE 2018	13,607,595.87	33,388.45	13,640,984.32
Total comprehensive income attributable to members of the company for the year	(172,450.91)	-	(172,450.91)
BALANCE AT 30 JUNE 2019	13,435,144.96	33,388.45	13,468,533.41

The accompanying notes form part of these financial statements.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
		INFLOWS (OUTFLOWS)	INFLOWS (OUTFLOWS)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operations		6,967,917	5,926,593
Payments to Suppliers and Employees		(6,552,509)	(5,353,341)
Interest Received		18,626	2,778
Finance Costs		(18,200)	(57,603)
NET CASH FLOWS FROM OPERATING ACTIVITIES		415,834	518,427
CASH FLOWS FROM INVESTING ACTIVITIES			
Term Deposit		1,000,000	(1,000,000)
Payment for Property, Plant and Equipment		(519,353)	(358,000)
Proceeds from Sale of Property, Plant and Equipment		23,000	2,152,664
Taxation Paid		(334,366)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		169,281	794,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Finance Commitments		(180,000)	(2,671,790)
Increase in Finance Commitments		-	1,750,000
NET CASH FLOWS FROM FINANCING ACTIVITIES		(180,000)	(921,790)
NET INCREASE OR (DECREASE) IN CASH HELD CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		405,115	391,301
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	1,342,717	937,602

The accompanying notes form part of these financial statements.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

The financial statements are for Muswellbrook R S L Sub Branch Club Ltd as an individual company, incorporated and domiciled in Australia. Muswellbrook R S L Sub Branch Club Ltd is a company limited by guarantee.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Muswellbrook R S L Sub Branch Club Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards

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 (AASB) and the Corporations Act 2001. The company is a not-for-profit company for financial reporting purposes under Australian Accounting Standards.

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.

ACCOUNTING POLICIES

Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Dividends are brought to account when received. Interest is brought to account on an accruals basis for bank term deposits. Poker machine revenue is stated net of payouts. Rental income, from investment properties, is recognised over the period of the lease. Motel revenue is recognised on a daily basis and includes 1A St. Heliers Street as motel rental income.

Grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Inventories

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

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 accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and Equipment	7.5 to 50%

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**NOTES TO THE FINANCIAL STATEMENTS
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

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

Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. Financial instruments are measured at cost.

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Employee Benefits

Provision is made in respect of the company's liability for annual leave and long service leave arising from services rendered by employees to the end of the reporting period. Long service leave is accrued in respect of all employees with more than 5 years' service with the company. Superannuation guarantee contributions are made by the company to the employee's superannuation fund of choice, and are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions are presented as current liabilities in the company's statement of financial position.

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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Goods and Services Tax (GST)

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

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

Cash flows are presented in the statement of cash flows exclusive of GST.

Income Tax

Income tax expense, shown on the statement of comprehensive income, is calculated in accordance with the Waratah's formula. It is calculated on an annual basis, with a corresponding provision for income tax payable raised.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Intangibles

Intangibles are initially recognised at cost. Borrowing expenses are amortised on a straight line basis over five years. Poker machine licences are initially recognised at the purchase price paid. Poker machine licences are not amortised as they do not have a finite useful life.

Intangibles are tested annually for impairment and carried at cost less accumulated impairment losses where applicable.

Goodwill

Goodwill is carried at cost, and on an annual basis, the company assesses whether the long term value of the asset has been impaired. Goodwill is deemed to be impaired if and only if there is objective evidence of impairment as the result of the occurrence at one or more events (a loss event), which has an impact on the estimated future cash flows of the asset.

Comparative Figures

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

Trade and Other Payables

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

Critical Accounting Estimates and Judgements

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

Investments

Investments brought to account are at cost or at valuation. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of the investments.

Investment Property

Investment property, comprising rental properties (but excluding the motel) is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost, fair value or directors' valuation.

Business Combination

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets required.

The consideration transferred is the sum of the acquisition date fair values of the assets and liabilities transferred. All acquisition costs are expensed as incurred to profit or loss. Costs specific to the amalgamation process have been expensed as amalgamation costs.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entities operating or accounting policies and other pertinent conditions in existence at the acquisition date.

If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, reduced by pre-acquisition expenditure, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
2 REVENUE AND OTHER INCOME		
Revenue		
Revenue from Sales		
- bar	1,358,454.72	920,757.05
- poker machine	4,098,862.59	3,941,917.72
- dining	321,218.12	105,200.98
- course	229,712.38	-
Total Revenue	<u>6,008,247.81</u>	<u>4,967,875.75</u>
Other Income		
- grant funding	216,149.00	-
- profit on disposal of plant and equipment	16,621.23	11,315.50
- gain on sale of non-current assets	-	1,644,483.89
- commissions	246,532.04	229,324.47
- members subscriptions	87,437.29	16,357.11
- other revenue	357,196.26	27,977.62
Total Other Income	<u>923,935.87</u>	<u>1,929,458.59</u>
Gain on Business Combination	<u>-</u>	<u>1,191,676.79</u>
3 PROFIT FOR THE YEAR		
Expenses		
Employee Benefits Expense		
- wages	1,994,070.80	1,274,795.49
- contributions to defined contribution superannuation funds	176,907.27	116,537.23
- fringe benefit tax	11,720.00	11,720.39
Total Employee Benefits Expense	<u>2,182,698.07</u>	<u>1,403,053.11</u>
Depreciation and Amortisation		
- land and building	237,874.00	249,313.00
- motor vehicle	21,661.00	19,755.00
- furniture and equipment	232,512.94	192,774.64
- poker machines	266,315.00	285,963.00
Total Depreciation and Amortisation	<u>758,362.94</u>	<u>747,805.64</u>
Finance Costs		
- interest expense	<u>15,941.40</u>	<u>18,640.33</u>
Significant Revenue and Expenses		
Net Profit on Disposal of Non-current Assets	<u>-</u>	<u>1,644,483.89</u>
Gain on Business Combination	<u>-</u>	<u>1,191,676.79</u>
(Loss) on Business Combination	<u>(175,000.00)</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
4 CASH AND CASH EQUIVALENTS		
Cash on Hand	221,446.80	212,211.00
Current Account	140,037.67	589,194.08
Poker Machine Cheque Account	31,505.29	8,415.91
Keno Accounts	149,272.28	51,743.78
Term Deposits - TAB	14,379.59	14,262.76
TAB Cheque Account	100,600.61	49,656.26
Online Saver Account	672,783.35	1,971.20
CardIT Account	12,691.19	10,146.54
	1,342,716.78	937,601.53
TAB Limited has a security deposit guarantee of \$5,000 over the TAB Term Deposit.		
5 TRADE AND OTHER RECEIVABLES		
Sundry Trade and Other Debtors	46,984.36	52,697.26
6 INVENTORIES		
Stock on Hand Bar (at Cost)	57,500.62	54,777.61
Stock on Hand Restaurant (at Cost)	3,679.37	-
	61,179.99	54,777.61
7 OTHER ASSETS		
Accrued Income	216,149.00	2,171.32
Prepayments	127,448.97	122,710.92
Deposit – Capital Purchase	-	82,407.90
	343,597.97	207,290.14
8 INVESTMENTS		
Current		
Term Deposit	-	1,000,000.00
Non-Current		
Shares in Listed Companies (at Cost)	1,002.14	1,002.14
Shares in Unlisted Companies (at Cost)	750.00	750.00
	1,752.14	1,752.14

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
9 PROPERTY, PLANT AND EQUIPMENT		
Land Buildings and Improvements		
Tennis Court - at Cost	29,536.25	29,536.25
Clubhouse Land - at Cost	433,000.00	433,000.00
Land 105 Bridge Street - at Cost	406,728.69	406,728.69
Buildings 105 Bridge Street - at Valuation 14/09/2010	750,000.00	750,000.00
Less: Accumulated Depreciation	(168,852.00)	(150,102.00)
	<u>581,148.00</u>	<u>599,898.00</u>
Clubhouse Building and Improvements- at Cost	9,572,782.90	9,572,782.90
Less: Accumulated Depreciation	(3,434,167.00)	(3,212,071.00)
	<u>6,138,615.90</u>	<u>6,360,711.90</u>
Bowling Green and Grounds at - Cost	350,186.58	350,186.58
Less: Accumulated Depreciation	(96,686.00)	(85,897.00)
	<u>253,500.58</u>	<u>264,289.58</u>
Property 1A St. Heliers Street - at Cost	261,321.21	261,395.21
Less: Accumulated Depreciation	(141,353.18)	(137,516.18)
	<u>119,968.03</u>	<u>123,879.03</u>
Motor Vehicles - at Cost	142,688.48	142,688.48
Less: Accumulated Depreciation	(77,976.00)	(56,315.00)
	<u>64,712.48</u>	<u>86,373.48</u>
Furniture and Plant - at Cost	4,134,619.52	4,107,620.22
Less: Accumulated Depreciation	(3,632,567.41)	(3,484,026.29)
	<u>502,052.11</u>	<u>623,593.93</u>
Poker Machines and Equipment - at Cost	2,413,303.51	2,319,538.51
Less: Accumulated Depreciation	(1,681,160.00)	(1,496,551.00)
	<u>732,143.51</u>	<u>822,987.51</u>
Motel Furniture and Plant - at Cost	64,722.73	63,081.37
Less: Accumulated Depreciation	(53,777.29)	(50,103.74)
	<u>10,945.44</u>	<u>12,977.63</u>
Motel Furniture and Plant - at Valuation 14/9/2010	37,500.00	37,500.00
Less: Accumulated Depreciation	(35,808.00)	(35,258.00)
	<u>1,692.00</u>	<u>2,242.00</u>
Golf Club Property – at Fair Value 29/06/2019	875,000.00	875,000.00
Golf Club Upgrade – at Cost	208,922.36	-
Less: Accumulated Depreciation	(605.00)	-
	<u>208,317.36</u>	<u>-</u>

These notes form part of the financial statements.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Golf Club Improvements – at Cost	101,863.78	-
Less: Accumulated Depreciation	(316.00)	-
	101,547.78	-
Golf Club Plant and Equipment at Fair Value and Cost	893,521.42	675,650.00
Less: Accumulated Depreciation	(126,648.82)	-
	766,872.60	675,650.00
Total Property, Plant and Equipment	11,225,780.73	11,316,868.00

Aggregate depreciation and amortisation allocated during the year are recognised as expenses.

Movements in Carrying Amounts

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

	Clubhouse Buildings and Improvements	Furniture and Plant	Poker Machines and Equipment
2019			
Balance at the Beginning of the Year	6,360,711.90	623,593.93	822,987.51
Additions at Cost	-	26,999.30	152,390.00
Disposals	-	-	(6,626.00)
Depreciation Expense	(222,096.00)	(148,541.12)	(236,608.00)
Carrying Amount at End of Year	6,138,615.90	502,052.11	732,143.51

	Motor Vehicles	Bowling Green And Grounds	Golf Club, Property, Plant and Equipment
2019			
Balance at the Beginning of the Year	86,373.48	264,289.58	1,550,650.00
Additions at Cost	-	-	319,735.20
Disposals	-	-	-
Depreciation Expense	(21,661.00)	(10,789.00)	(126,964.82)
Carrying Amount at End of Year	64,712.48	253,500.58	1,743,420.38

	1A St. Heliers Street	Motel Furniture and Plant	Golf Course Upgrade
2019			
Balance at the Beginning of the Year	123,879.03	15,219.63	-
Additions at Cost	765.00	1,641.36	208,922.36
Disposals	(839.00)	-	-
Depreciation Expense	(3,837.00)	(4,223.55)	(605.00)
Carrying Amount at End of Year	119,968.03	12,637.44	208,317.36

Core and Non-Core Property

In accordance with provisions under Section 41J(2) of the Registered Clubs Act the directors have classified the following assets as core property of the company:

- Clubhouse land, buildings and improvements at 113 Bridge Street; and
- Golf Club land, building and improvements at Bell Street, MUSWELLBROOK NSW 2333

The Golf club site includes a parcel of land under rental agreement with the Muswellbrook Shire Council. A further parcel of land at the golf club site is leased from the NSW Department of Lands. For the year ended 30 June 2019 the cost of this lease was \$12,671.00.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
10 INVESTMENT PROPERTY		
Property and Improvements 94 Hill St. - at Cost	154,050.75	154,050.75
Less: Accumulated Depreciation	(596.00)	(431.00)
Total Investment Property	<u>153,454.75</u>	<u>153,619.75</u>
11 INTANGIBLE ASSETS		
Poker Machine Licenses – at Cost	895,480.16	895,480.16
Additions via Business Combination	300,000.00	300,000.00
	<u>1,195,480.16</u>	<u>1,195,480.16</u>
Borrowing Costs	2,005.00	4,010.00
Goodwill – at Cost	580,000.00	580,000.00
Less: Impairment Loss recognised	(237,259.00)	(237,259.00)
	<u>342,741.00</u>	<u>342,741.00</u>
	<u>1,540,226.16</u>	<u>1,542,231.16</u>
12 TRADE AND OTHER PAYABLES		
Current		
Members Points Unclaimed	20,486.64	33,473.04
Sundry Trade Creditors	479,614.01	345,928.94
Accrued Expenses	63,518.44	58,524.64
Members' Subscriptions in Advance	74,712.91	54,457.22
Income in Advance	1,154.80	1,600.88
GST Payable	54,899.14	83,520.01
Annual Leave Entitlements	110,300.52	109,019.11
	<u>804,686.46</u>	<u>686,523.84</u>

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
13 BORROWINGS		
Current		
Commonwealth Business Loan	180,000.00	180,000.00
	<u>180,000.00</u>	<u>180,000.00</u>
Non-Current		
Commonwealth Business Loan	137,846.82	317,846.82
	<u>137,846.82</u>	<u>317,846.82</u>
Total Borrowings	<u>317,846.82</u>	<u>497,846.82</u>
<p>Bank debt is secured by first registered mortgages over non-residential properties located 113 Bridge Street Muswellbrook and 105 Bridge Street Muswellbrook, and a first registered mortgage over the whole of the company's assets, and undertakings including uncalled capital. The bank loan has a total redraw facility of \$1,500,000. As at 30 June 2019 \$1,182,153.18 was available for redraw.</p> <p>The company has a number of finance contracts for the purchase of poker machines all of which are subject to a charge over the goods purchased.</p>		
14 TAX LIABILITIES		
Current Tax Liability	-	306,577.15
	<u>-</u>	<u>306,577.15</u>
15 PROVISIONS		
Provision for Long Service Leave:		
Balance at the Beginning of the Year	134,905.46	110,632.35
Additions via Business Combination	-	12,321.83
Additional Provisions Raised during Year	34,083.43	19,362.28
Amounts Used	(16,574.05)	(7,411.00)
Balance at the End of the Year	<u>152,414.84</u>	<u>134,905.46</u>
Analysis of Total Provisions		
Current	-	3,240.10
Non-Current	152,414.84	131,665.36
	<u>152,414.84</u>	<u>134,905.46</u>
<p>The measurement and recognition criteria relating to employee benefits have been included in Note 1 to these financial statements.</p>		
16 RESERVES		
Asset Revaluation Reserve	-	-
Capital Profits Reserve	33,388.45	33,388.45
	<u>33,388.45</u>	<u>33,388.45</u>

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

17 RELATED PARTY TRANSACTIONS

The names of persons who were directors of the company during the financial year are set out in the Directors Report. Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and liquor on a complimentary basis.

The directors of the company are not paid for their services, other than for out of pocket expenses incurred whilst carrying out duties as a director. This is paid to the President as passed at the Annual General Meeting.

All other transactions with Directors are at normal commercial terms and conditions no more favourable than those available to other parties.

Key Management Personnel Compensation

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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

Key Management Personnel Compensation	<u>290,790.95</u>	<u>275,417.98</u>
---------------------------------------	-------------------	-------------------

Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Relatives of directors employed by the company on normal terms and conditions as follows:

B. Blaikie – D. Egan – K. Egan

C. Scriven – O. Scriven

18 FINANCIAL RISK MANAGEMENT

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

Financial Instruments are measured at cost.

i) Financial Assets

At the date of this report, cash is the only material financial asset held by the company.

ii) Financial Liabilities

The company's financial liabilities consist mainly of accounts payable and loan funding used to raise finance for ordinary operations.

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Financial Assets		
Cash and Cash Equivalents	1,342,716.78	937,601.53
Trade and Other Receivables	46,984.36	52,697.26
Total Financial Assets	<u>1,389,701.14</u>	<u>990,298.79</u>
Financial Liabilities at Amortised Cost		
Trade and Other Payables	804,686.46	686,523.84
Borrowings	317,846.82	497,846.82
Total Financial Liabilities	<u>1,122,533.28</u>	<u>1,184,370.66</u>
19 CAPITAL EXPENDITURE COMMITMENTS		
Capital expenditure commitments contracted as at 30 June 2019 for fairway irrigation and improvements to the halfway house at the golf club site.	<u>529,450.70</u>	<u>56,815.80</u>
20 OPERATING LEASE COMMITMENTS		
The company's operating lease commitments as at balance date are as follows:		
Payable - minimum rental payments:		
- not later than twelve months	77,495.62	118,557.40
- later than twelve months but not later than five years	53,146.24	125,268.33
- greater than five years	-	-
	<u>130,641.86</u>	<u>243,825.73</u>

21 COMPANY DETAILS

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

113 Bridge Street, MUSWELLBROOK NSW 2333

Additional place of business is:

Muswellbrook Golf Club

Bell Street, MUSWELLBROOK NSW 2333

22 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 \$20 each towards meeting any outstanding obligations of the company. At 30 June 2019 the number of members was 6,081 (2018: 6,483).

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2019
\$

2018
\$

23 BUSINESS COMBINATIONS

On 29 June 2018, Muswellbrook R S L Sub Branch Club Ltd acquired the operation of the Muswellbrook Golf Club Limited, following the completion of a successful amalgamation process.

The combination resulted in a gain of \$1,191,676.79 being the fair value of the net assets acquired under the business combination.

Details of the acquisition were as follows;

	Fair Value	Fair Value
Cash and cash equivalents	-	101,291.36
Other current assets	-	74,244.70
Property	-	875,000.00
Contents	-	675,650.00
Poker Machine Licences	-	300,000.00
Trade and Other Payables	-	(822,187.44)
Employee Provisions	-	(12,321.83)
Net Assets Acquired	-	1,191,676.79
Goodwill	-	-
Acquisition-date Fair Value of the Total Consideration Transferred	-	1,191,676.79
Representing:		
Transfer of net assets	-	1,191,676.79

MUSWELLBROOK R S L SUB BRANCH CLUB LTD
A.B.N. 16 000 992 012

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Muswellbrook R S L Sub Branch Club Ltd, the directors of the entity declare that:

1. The financial statements and notes satisfy the requirements of the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements applicable to the entity; and
 - (b) give a true and fair view of the financial position of the entity as at 30 June 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Barry Eveleigh

Director
29 October 2019
Muswellbrook



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK R S L SUB BRANCH CLUB LTD
A.B.N. 16 000 992 012**

Opinion

We have audited the financial report of Muswellbrook R S L Sub Branch Club Ltd, which comprises the statement of financial position as at 30 June 2019, 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, 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 Muswellbrook R S L Sub Branch Club Ltd is in accordance with the *Corporations Act 2001*, including:

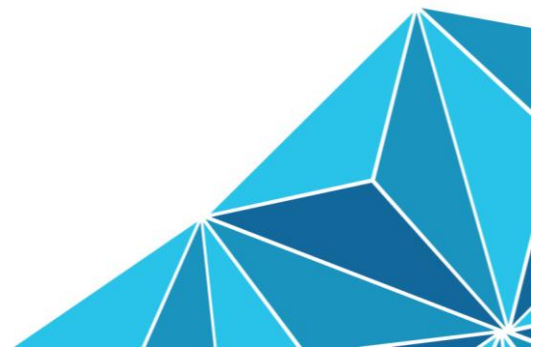
- (i) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 entity 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 Muswellbrook R S L Sub Branch Club Ltd, 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.





Davies, Thompson & Wright

ABN 70 340 182 044

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSWELLBROOK R S L SUB BRANCH CLUB LTD A.B.N. 16 000 992 012

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 entity's annual report for the year ended 30 June 2019, 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 entity 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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.



Davies, Thompson & Wright

ABN 70 340 182 044

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK R S L SUB BRANCH CLUB LTD
A.B.N. 16 000 992 012**

- 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 entity'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 entity'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 entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

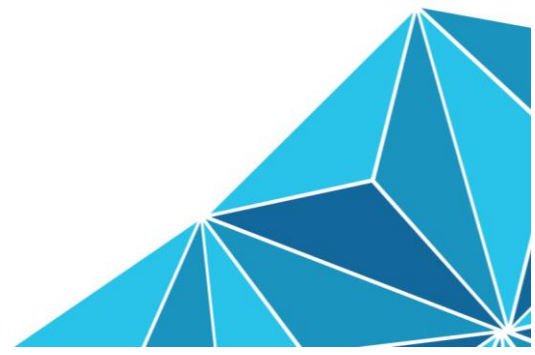
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey L Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 29th day of October 2019





Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUSWELLBROOK R S L SUB BRANCH CLUB LTD
A.B.N. 16 000 992 012**

Scope

Our Independent Auditors' Report on the financial report of Muswellbrook R S L Sub Branch Club Ltd, which comprises the statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration, presented on the preceding pages, does not relate to the additional financial information presented hereinafter.

This additional information presented in the following report, namely the trading statement and profit and loss statement have been prepared from the accounting records of the club and we do not express an opinion thereon.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey L Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 29th day of October 2019

MUSWELLBROOK R S L SUB BRANCH CLUB
LTD A.B.N. 16 000 992 012

**DETAILED PROFIT AND LOSS STATEMENT FOR
THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
BAR TRADING ACCOUNT		
Bar Sales	1,358,454.72	920,757.05
Less: Cost of Goods Sold	573,993.31	394,915.40
GROSS PROFIT 57.75% (2018 YEAR 57.1%)	<u>784,461.41</u>	<u>525,841.65</u>
Less: Direct Costs	586,256.64	468,271.79
PROFIT/(LOSS) FROM TRADING	<u>198,204.77</u>	<u>57,569.86</u>
 POKER MACHINE TRADING ACCOUNT Net		
Revenue	4,098,862.59	3,941,917.72
Less: Direct Costs	1,156,148.05	1,160,263.81
PROFIT/(LOSS) FROM TRADING	<u>2,942,714.54</u>	<u>2,781,653.91</u>
 DINING TRADING ACCOUNT		
Dining Facility Sales	321,218.12	105,200.98
Less: Cost of Goods Sold	161,688.69	72,960.22
GROSS PROFIT 49.66% (2018 YEAR 30.6%)	<u>159,529.43</u>	<u>32,240.76</u>
Less: Direct Costs	178,412.17	28,307.29
PROFIT/(LOSS) FROM TRADING	<u>(18,882.74)</u>	<u>3,933.47</u>
 COURSE TRADING ACCOUNT		
Sales	229,712.38	-
Less: Direct Costs	268,835.14	-
PROFIT/(LOSS) FROM TRADING	<u>(39,122.76)</u>	<u>-</u>
GROSS PROFIT FROM TRADING	<u>3,082,913.81</u>	<u>2,843,157.24</u>

MUSWELLBROOK R S L SUB BRANCH CLUB LTD

A.B.N. 16 000 992 012

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
INCOME		
Gross Profit from Trading	3,082,913.81	2,843,157.24
Grand Funding	216,149.00	-
Commissions	246,532.04	229,324.47
Dividends Received	-	191.42
Interest Received	18,199.65	2,777.82
Members' Subscriptions	87,437.29	16,357.11
Profit on Disposal of Plant and Equipment	16,621.23	11,315.50
Gain on Sale of Non-Current Assets	-	1,644,483.89
Other Revenue	100,693.74	25,008.38
Gain on Business Combination	(175,000.00)	1,191,676.79
Profit/(Loss) from Motel Activities	160,926.52	46,814.10
Profit/(Loss) from Rental Activities	22,663.97	150,339.56
TOTAL INCOME	3,777,137.25	6,161,446.28
EXPENDITURE		
Cleaning and Waste Disposal	132,294.68	101,128.70
Depreciation	758,362.94	747,805.64
Donations	92,456.90	72,739.98
Electricity	204,185.22	149,080.35
Entertainment and Members Promotions	608,505.47	542,686.34
Goodwill Impairment Loss	-	237,259.00
Insurance	164,438.76	108,336.65
Interest Paid	15,941.40	43,818.33
Repairs and Maintenance	319,418.44	121,326.80
Superannuation Contributions	176,907.27	116,537.23
Wages	865,436.57	628,879.69
Other Expenditure	611,640.51	388,049.69
TOTAL EXPENDITURE	3,949,588.16	3,257,648.40
NET PROFIT/(LOSS) BEFORE INCOME TAX	(172,450.91)	2,903,797.88