

Maitland District Leagues Club Limited

ABN 25 000 512 505

Annual Report - 31 December 2015

Maitland District Leagues Club Limited
Contents
31 December 2015

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Maitland District Leagues Club Limited
Directors' report
31 December 2015

The Directors present their report, together with the financial statements, on the company for the year ended 31 December 2015.

Directors

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

P Hunt
N Martin
D Mexon
M Newcombe
B Newcombe (appointed 26 May 2015)
J Williams (appointed 26 May 2015)
G Watt (appointed 26 May 2015)
W Bell (resigned 26 May 2015)
J Hobson (resigned 26 May 2015)
B Thomas (resigned 26 May 2015)

Objectives

The Club has objectives as per its Articles of Association.

The long term objectives of the organisation are to have a financially sound club that supports and encourages sport in the community including the Maitland Rugby League Football Club.

The short term objectives are to restructure and reorganise the Club to ensure the profitability continues.

Strategy for achieving the objectives

The strategies used to meet these objectives include:

- Asset rationalisation and realisation of cash resources for this rationalisation.
- Put in place a strategic vision and process to meet the objectives.
- Improve performance to industry benchmarks.
- Utilise industry best advisors to assist with our strategies.

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- the operation of a Licensed Club and the provision of amenities to members and their guests.

No significant change in the nature of these activities occurred during the year.

Total number of members as at 31 December 2015 is 3,900 (2014: 3,249).

Operating Results

The profit of the company for the financial year after providing for income tax amounted to \$475,753 (2014: loss of \$1,548,651).

Key performance indicators

We will utilise key industry benchmarks and employees and business improvement strategies to ensure that the business is assessed on a regular basis against industry best practice guidelines.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Significant changes in the year

No significant changes in the club's state of affairs occurred during the financial year except that Tabcorp Gaming Solutions have completed their refurbishment of the Club.

Maitland District Leagues Club Limited
Directors' report
31 December 2015

Environmental issues

The Directors believe the company has complied with all significant environmental regulations under a law of the Commonwealth or of a state or territory.

Dividends

The Corporations law prohibits a Company Limited by Guarantee from paying dividends.

Shares in companies

The company does not hold shares in any related company or corporation.

Information on Directors

Name: P Hunt
Title: President
Qualifications: School teacher
Experience and expertise: 8 years

Name: N Martin
Qualifications: Customer service representative
Experience and expertise: 2 years

Name: D Mexon
Qualifications: Builder
Experience and expertise: 2 years

Name: M Newcombe
Qualifications: Business owner
Experience and expertise: 11 years

Name: B Newcombe (appointed 26 May 2015)
Qualifications: Business owner
Experience and expertise: 1st year

Name: J Williams (appointed 26 May 2015)
Experience and expertise: 1st year

Name: G Watt (appointed 26 May 2015)
Experience and expertise: 1st year

Name: W Bell (resigned 26 May 2015)
Qualifications: Pensioner
Experience and expertise: 6 years

Name: J Hobson (resigned 26 May 2015)
Qualifications: Cleaner
Experience and expertise: 5 years

Name: B Thomas (resigned 26 May 2015)
Qualifications: Business owner
Experience and expertise: 2 years

Maitland District Leagues Club Limited
Directors' report
31 December 2015

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2015, and the number of meetings attended by each Director were:

	Attended	Held
P Hunt	12	12
N Martin	12	12
D Mexon	12	12
M Newcombe	12	12
B Newcombe (appointed 26 May 2015)	7	8
J Williams (appointed 26 May 2015)	8	8
G Watt (appointed 26 May 2015)	8	8
W Bell (resigned 26 May 2015)	-	4
J Hobson (resigned 26 May 2015)	4	4
B Thomas (resigned 26 May 2015)	3	4

Held: represents the number of meetings held during the time the Director held office.

Indemnifying officer or auditor

During the year, the company effected a director's and officer's liability policy. The insurance policy provides cover for the directors named in this report, the company secretary, officers and former directors and officers of the company. This policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Paul Hunt
President

30 March 2016

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INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF MAITLAND DISTRICT LEAGUES CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the year ended 31 December 2015, 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.

Name of Firm	Bishop Collins Audit Pty Ltd Chartered Accountants
Name of Registered Company Auditor	 _____ David McClelland
Auditor's Registration No.	431227
Address	Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259
Dated	30 March 2016



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAITLAND DISTRICT LEAGUES CLUB LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Maitland District Leagues Club Limited which comprises the statement of financial position as at 31 December 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION





Auditor's Opinion

In our opinion, the financial report of Maitland District Leagues 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 December 2015 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 3 to the financial report which describes the existence of a significant uncertainty whether the company will be able to continue as a going concern.

Should the projected increase in gaming revenue resulting from the Tabcorp Gaming Solutions (TGS) installation not eventuate the Company may be unable to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor

David McClelland

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

30 March 2016

Maitland District Leagues Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue	4	2,295,154	2,191,174
Other income	5	808,155	1,301
Expenses			
Changes in inventories		7,375	(4,231)
Raw materials and consumables used		(164,352)	(141,115)
Advertising expense		(8,172)	(10,163)
Bad and doubtful debts expense		-	(3,981)
Employee benefits expense		(826,997)	(961,761)
Donations and grants expense		(52,360)	(93,100)
Depreciation and amortisation expense		(118,073)	(183,555)
Loss on sale of Market Place		-	(1,094,556)
Audit and accountancy expense		(39,013)	(27,455)
Insurance expense		(84,301)	(96,540)
Legal fees		(11,240)	(17,714)
Raffle expenses		(163,861)	(168,601)
Rates and taxes expenses		(34,736)	(51,240)
Repairs and maintenance expense		(59,277)	(106,493)
Telephone, electricity and utilities expense		(122,802)	(170,545)
Poker machine service expenses		(261,592)	-
Poker machine duty expenses		(202,388)	(211,100)
Finance costs		(132,579)	(189,706)
Other expenses		(247,866)	(209,270)
Surplus/(deficit) before income tax expense		581,075	(1,548,651)
Income tax expense		(105,322)	-
Surplus/(deficit) after income tax expense for the year	18	475,753	(1,548,651)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>475,753</u>	<u>(1,548,651)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Maitland District Leagues Club Limited
Statement of financial position
As at 31 December 2015

	Note	2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	6	115,161	62,586
Trade and other receivables	7	13,490	11,708
Inventories	8	21,838	14,463
Other assets	9	96,930	57,274
Total current assets		<u>247,419</u>	<u>146,031</u>
Non-current assets			
Investment properties	10	320,000	320,000
Property, plant and equipment	11	3,217,525	3,019,297
Total non-current assets		<u>3,537,525</u>	<u>3,339,297</u>
Total assets		<u>3,784,944</u>	<u>3,485,328</u>
Liabilities			
Current liabilities			
Trade and other payables	12	229,007	299,173
Borrowings	13	1,533,133	1,717,733
Income tax	14	105,322	-
Employee benefits	15	79,600	77,045
Total current liabilities		<u>1,947,062</u>	<u>2,093,951</u>
Non-current liabilities			
Borrowings	16	10,125	45,837
Employee benefits	17	18,145	11,681
Total non-current liabilities		<u>28,270</u>	<u>57,518</u>
Total liabilities		<u>1,975,332</u>	<u>2,151,469</u>
Net assets		<u>1,809,612</u>	<u>1,333,859</u>
Equity			
Retained surpluses	18	1,809,612	1,333,859
Total equity		<u>1,809,612</u>	<u>1,333,859</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Maitland District Leagues Club Limited
Statement of changes in equity
For the year ended 31 December 2015

	Capital profits reserve \$	Retained Surplus \$	Total equity \$
Balance at 1 January 2014	509,303	2,373,207	2,882,510
Deficit after income tax expense for the year	-	(1,548,651)	(1,548,651)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,548,651)	(1,548,651)
Transfer to / (from) reserves	(509,303)	509,303	-
Balance at 31 December 2014	<u>-</u>	<u>1,333,859</u>	<u>1,333,859</u>
		Retained Surplus \$	Total equity \$
Balance at 1 January 2015		1,333,859	1,333,859
Surplus after income tax expense for the year		475,753	475,753
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>475,753</u>	<u>475,753</u>
Balance at 31 December 2015		<u>1,809,612</u>	<u>1,809,612</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Maitland District Leagues Club Limited
Statement of cash flows
For the year ended 31 December 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,359,843	2,254,622
Payments to suppliers and employees (inclusive of GST)		<u>(2,698,743)</u>	<u>(2,200,131)</u>
		661,100	54,491
Interest received		233	1,301
Interest and other finance costs paid		(132,579)	(136,710)
Income tax paid		<u>(1,479)</u>	<u>3,684</u>
Net cash from/(used in) operating activities		<u>527,275</u>	<u>(77,234)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	(770,388)	(4,975)
Proceeds from disposal of property, plant and equipment		<u>516,000</u>	<u>1,967,091</u>
Net cash from/(used in) investing activities		<u>(254,388)</u>	<u>1,962,116</u>
Cash flows from financing activities			
Proceeds from borrowings		64,075	2,474
Repayment of borrowings		<u>(198,516)</u>	<u>(1,649,533)</u>
Net cash used in financing activities		<u>(134,441)</u>	<u>(1,647,059)</u>
Net increase in cash and cash equivalents		138,446	237,823
Cash and cash equivalents at the beginning of the financial year		<u>(23,285)</u>	<u>(261,108)</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>115,161</u></u>	<u><u>(23,285)</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

1. General information

The financial statements cover Maitland District Leagues Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Maitland District Leagues Club Limited's functional and presentation currency.

Maitland District Leagues Club Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 March 2016. The Directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of volume rebates and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

An independent revaluation of investment properties will occur in 2016.

2. Significant accounting policies (continued)

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, every 3-5 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date 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. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

An independent revaluation of land and buildings will occur in 2016.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	5 - 100 years
Plant and equipment	4 - 6 years
Air-conditioning	5 - 7 years
Furniture and Fittings	2 - 10 years
Kitchen equipment	3 - 5 years
Office equipment	2 - 7 years
Poker machines	1 - 4 years
Investment property plant	4 - 30 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

2. Significant accounting policies (continued)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

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

3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recognition of deferred tax assets

The deferred tax asset has not been recognised in the financial statements as per AASB 112 Income Taxes, the realisation of these assets is not considered probable.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Going Concern

As at 31 December 2015, the company's current liabilities (\$1,947,062) exceed its current assets (\$247,418) by \$1,699,644. This net current liability position is consistent with 2014 and is due to classification of the company's borrowings as a current liability.

The borrowings include bank bills of \$1.5 million which are typically rolled over every 30 days. As the company has no right to defer settlement, these borrowing have been classified as a current liability at 31 December 2015 and as at 31 December 2014 in accordance with Australian accounting standards.

Notwithstanding this deficiency, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business. The directors consider the going concern basis appropriate in consideration of the following:

- The Company has entered into negotiations to modify the existing terms of its financing facilities;
- The Company has negotiated amended payment terms with its creditors;
- It is not anticipated that current employee entitlements will be extinguished by 31 December 2016;
- The Company's budget for the 2016 year projects a surplus. This surplus is dependent on achieving an increase in gaming revenue as a direct result of the Tabcorp Gaming Solutions (TGS) installation. The estimated increase is inline with the results achieved at other venues which have undertaken TGS installations.

The board is of the opinion that the going concern basis for preparation of these financial reports is appropriate.

Continued support of financiers

The operation of the club is dependent on the continuing support of the financial providers. At the date of this report, the financial providers have indicated their support will continue in 2016 by continuing to allow re-borrowing under the commercial bill facility.

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

4. Revenue

	2015 \$	2014 \$
<i>Sales revenue</i>		
Sales	343,841	311,848
Poker machines income	1,573,308	1,588,230
Commission income	59,443	58,698
Raffle income	160,906	151,916
Rent income	17,600	30,931
Lion Nathan contribution	30,000	-
	<u>2,185,098</u>	<u>2,141,623</u>
<i>Other revenue</i>		
Other revenue	<u>110,056</u>	<u>49,551</u>
Revenue	<u><u>2,295,154</u></u>	<u><u>2,191,174</u></u>

5. Other income

	2015 \$	2014 \$
Tabcorp Gaming Solutions contribution	746,008	-
Net gain on disposal of property, plant and equipment	61,914	-
Interest received	233	1,301
	<u>808,155</u>	<u>1,301</u>
Other income	<u><u>808,155</u></u>	<u><u>1,301</u></u>

6. Current assets - cash and cash equivalents

	2015 \$	2014 \$
Cash on hand	59,500	60,019
Cash at bank	55,661	2,567
	<u>115,161</u>	<u>62,586</u>

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	115,161	62,586
Cash at bank - St George Bank (overdraft) (note 13)	-	(85,871)
Balance as per statement of cash flows	<u><u>115,161</u></u>	<u><u>(23,285)</u></u>

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

7. Current assets - trade and other receivables

	2015 \$	2014 \$
Trade debtors	22,007	23,147
Less: provision for doubtful debts	<u>(14,877)</u>	<u>(16,022)</u>
	7,130	7,125
Other debtors	<u>6,360</u>	<u>4,583</u>
	<u>13,490</u>	<u>11,708</u>

8. Current assets - inventories

	2015 \$	2014 \$
Stock on hand - at cost	<u>21,838</u>	<u>14,463</u>

9. Current assets - other assets

	2015 \$	2014 \$
Prepayments	88,724	50,547
Other deposits	5,000	5,000
Other current assets	<u>3,206</u>	<u>1,727</u>
	<u>96,930</u>	<u>57,274</u>

10. Non-current assets - investment properties

	2015 \$	2014 \$
Investment property - at director's valuation	<u>320,000</u>	<u>320,000</u>

11. Non-current assets - property, plant and equipment

	2015 \$	2014 \$
Land and buildings - at independent valuation	3,122,456	3,122,456
Building improvements - at cost	539,371	-
Less: Accumulated depreciation	<u>(635,705)</u>	<u>(605,911)</u>
	3,026,122	2,516,545
Plant and equipment-at cost	1,238,170	1,702,101
Less: Accumulated depreciation	<u>(1,046,767)</u>	<u>(1,626,295)</u>
	191,403	75,806
Poker machines-at cost	-	1,809,022
Less: Accumulated depreciation	<u>-</u>	<u>(1,382,076)</u>
	-	426,946
	<u>3,217,525</u>	<u>3,019,297</u>

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

11. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings \$	Plant and equipment \$	Poker machines \$	Total \$
Balance at 1 January 2015	2,516,545	75,806	426,946	3,019,297
Additions	539,371	183,739	47,278	770,388
Disposals	-	(36,012)	(418,075)	(454,087)
Depreciation expense	(29,794)	(32,130)	(56,149)	(118,073)
Balance at 31 December 2015	<u>3,026,122</u>	<u>191,403</u>	<u>-</u>	<u>3,217,525</u>

Valuations of land and buildings

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were last revalued on [DATE] based on independent assessments by a member of the Australian Property Institute. The Directors do not believe that there has been a material movement in fair value since the revaluation date.

12. Current liabilities - trade and other payables

	2015 \$	2014 \$
Trade payables	162,226	130,628
Accrued expenses	50,463	85,883
PAYG payable	20,870	14,084
BAS payable	(45,122)	3,006
Other payables	40,570	65,572
	<u>229,007</u>	<u>299,173</u>

13. Current liabilities - borrowings

	2015 \$	2014 \$
Cash at bank - St George Bank (overdraft)	-	85,871
Commercial bill	1,479,183	1,479,183
Premium funding	52,082	60,213
Less: unexpired interest	(3,082)	(4,367)
Hire purchase liability	4,950	101,106
Less: unexpired interest	-	(4,273)
	<u>1,533,133</u>	<u>1,717,733</u>

14. Current liabilities - income tax

	2015 \$	2014 \$
Provision for income tax	<u>105,322</u>	<u>-</u>

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

15. Current liabilities - Employee benefits

	2015 \$	2014 \$
Annual leave	33,660	31,452
Long service leave	45,940	45,593
	<u>79,600</u>	<u>77,045</u>

16. Non-current liabilities - borrowings

	2015 \$	2014 \$
Hire purchase liability	13,432	46,301
Less: unexpired interest	(3,307)	(464)
	<u>10,125</u>	<u>45,837</u>

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2015 \$	2014 \$
Cash at bank - St George Bank (overdraft)	-	85,871
Commercial bill	1,479,183	1,479,183
Premium funding	52,082	60,213
Less: unexpired hire purchase liability	(3,082)	(4,367)
Hire purchase liability	18,382	147,407
Less: unexpired interest	(3,307)	(4,737)
	<u>1,543,258</u>	<u>1,763,570</u>

Assets pledged as security

The bank overdraft and loans are secured by first mortgages over the company's land and buildings.

17. Non-current liabilities - Employee benefits

	2015 \$	2014 \$
Long service leave	18,145	11,681

18. Equity - retained surpluses

	2015 \$	2014 \$
Retained surpluses at the beginning of the financial year	1,333,859	2,882,510
Surplus/(deficit) after income tax expense for the year	475,753	(1,548,651)
Retained surpluses at the end of the financial year	<u>1,809,612</u>	<u>1,333,859</u>

Maitland District Leagues Club Limited
Notes to the financial statements
31 December 2015

19. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the company is set out below:

	2015 \$	2014 \$
Aggregate compensation	<u>119,539</u>	<u>185,286</u>

20. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

The following transactions occurred with related parties:

	2015 \$	2014 \$
Sale of goods and services: Mr B Newcombe and Mr M Newcombe are directors of and have financial interest in Barbeques Galore, Maitland. This represents the amount outstanding as at 31 December 2015.	3,581	5,500

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

21. Events after the reporting period

The CEO resigned in February 2016.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Maitland District Leagues Club Limited
Directors' declaration
31 December 2015

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Paul Hunt
President

30 March 2016