

**PENRITH GOLF AND RECREATION
CLUB LIMITED**
(A Company Limited by Guarantee)
ABN 54 000 377 499

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MAY, 2017**

HARLEY, RUSSELL & DAY
Chartered Accountants

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**PENRITH GOLF AND RECREATION
CLUB LIMITED**
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FINANCIAL STATEMENTS – 31ST MAY, 2017

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Penrith Golf and Recreation Club Limited
(A Company Limited by Guarantee)
 ABN 54 000 377 499

Directors' Report
For the year ended 31st May, 2017

The Directors present their report together with the accounts of Penrith Golf and Recreation Club Limited for the year ended 31st May, 2017.

Directors

The Directors of the Company in office at any time during the year and up to the date of this report are:

JENSEN, Robert	FORRESTER, Ian	GIBBONS, Clark
STELTENPOOL, Daniel	WILSON, Geoff	* CLISSOLD, Ross
CRITCHLEY, Stephen	* SUTHERLAND, Rodney	SAJOWITZ, Mark
+ CASTON, Peter	GALLAGHER, Ian	

+ Passed away February 2017 * Resigned at September 2016 AGM

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Brendon Mathew Kop was appointed company secretary on 16 June 2011 who previously had several years experience in the Club industry.

Principal Activities

The Principal Activity of the Company consisted of the conduct and promotion of a licensed golf club for members of the Company. No change in the principal activities of the Company took place during the year.

Membership

The Club is a Company limited by guarantee and without a share capital. The number of members at the end of the year is as follows:

	<u>2017</u>	<u>2016</u>
Social Members	4,066	4,344
Social Golfing Members	5	2
Full Members	254	272
5 Year Term Members	0	0
3 Year Term Members	0	0
Lady Members	30	30
3 Year Term Lady Members	0	0
Five Day Members	127	124
Six Day Members	21	22
Young Male Adult Members	55	35
Young Lady Adult Members	4	2
Student Members	2	1
Senior Members	46	47
Junior Members – Male	19	25
Junior Members – Female	7	2
Lady Senior Members	12	12
Sponsorship Members	13	14
Ordinary Senior Male Members	21	15
Ordinary Senior Lady Members	10	11
Absentee Members	3	1
Concessional Members	6	3
Term Life Members	1	1
Five Day Female Members	2	2
Total	<u>4,704</u>	<u>4,965</u>

Penrith Golf and Recreation Club Limited
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Directors' Report
For the year ended 31st May, 2017

Results

The operating loss for the year amounted to \$223,273 (2016: Loss \$423,999) after charging \$192,328 for depreciation (2016: \$122,158).

Dividends

The Company is a non-profit organisation and is prevented by its constitution from paying dividends.

Review of Operations

Movements in significant items of revenue are as follows:

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	<u>Movement</u>
			<u>\$</u>	<u>%</u>
Poker Machine Net Revenue	792,695	686,162	106,533	15.53
Bar Sales	910,871	895,420	15,451	1.73
Subscriptions/Entrance Fees	425,504	436,678	(11,174)	(2.56)

State of Affairs

The Club's total equity of the Members decreased by \$223,273 for the year, while the working capital of the Club increased, from a deficiency of \$211,535, 2016 to a deficiency of \$86,257. In addition, the cash on hand and at the Bank increased from \$564,979 in 2016 to \$636,361.

Environmental Regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

Events Subsequent to Balance Date

There is as at the date of this report no matter of circumstance which has arisen since 31st May, 2017 that has significantly affected or may significantly affect:

- i. The Operations of the Company;
- ii. The Results of those operations; or
- iii. The state of affairs of the Company subsequent to 31st May, 2017.

Information on Directors

<i>Name</i>	<i>Occupation</i>	<i>Position</i>	<i>Director since/ from</i>
JENSEN, Robert	Retired	President	August 2010
CRITCHLEY, Stephen	Accountant	Treasurer	January 2001
FORRESTER, Ian	Retired	Vice President	July 2009
WILSON, Geoff	IT Director	Vice President	August 2012
SUTHERLAND, Rodney	Title Searcher	Vice Captain	To September 2016
STELTENPOOL, Daniel	Snr Business Analyst	Captain	August 2012
GIBBONS, Clark	Retired	Director	March 2009
CLISSOLD, Ross	Retired	Director	September 2014
SAJOWITZ, Mark	CEO	Director	September 2014
CASTON, Peter	Retired	Director	September 2016
GALLAGHER, Ian	Green Keeper	Vice Captain	From September 2016

Penrith Golf and Recreation Club Limited
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Directors' Report
For the year ended 31st May, 2017

Future Developments

Penrith Golf Club is in the process of achieving a Development on a parcel of land that has been approved by members as non-core land approximately 2.1Ha in size.

In October 2014, Sunshine Group took out a call option on the non-core parcel of land, to investigate the possibility of building an over 55's Development on this land. The Call Option was for a period of 12 months with an option for a 6 month extension, which has since expired. Part of the Call Option indicates the Club must obtain sub-division of the non-core land, however ideally this cannot happen prior to the DA being submitted.

The Development Application is currently awaiting approval by Penrith City Council. The DA is expected to be approved by Penrith City Council in mid to late August before going to the Greater Sydney Commission for final approval. The timeframe for approval by the Greater Sydney Commission is unknown.

Directors' Meetings

The number of Directors' Meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	<i>Committee Meetings</i>		<i>Board Meetings</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
JENSEN, Robert	13	14	13	13
CRITCHLEY, Stephen	24	24	13	13
FORRESTER, Ian	21	25	13	13
WILSON, Geoff	18	23	12	13
SUTHERLAND, Rodney	3	4	3	4
STELTENPOOL, Daniel	10	13	11	13
GIBBONS, Clark	8	12	9	13
CLISSOLD, Ross	3	3	4	4
SAJOWITZ, Mark	24	24	13	13
CASTON, Peter	9	13	5	6
GALLAGHER, Ian	18	19	8	9

A – Number of meetings attended

B – The number of meetings held during the time the director held office during the year.

Directors' Report
For the year ended 31st May, 2017

OBJECTIVES

SHORT TERM

To provide a social sporting club for members and guests, with the usual facilities of a club, to promote the game of golf to both children and adults and providing a meeting place for community groups.

LONG TERM

To maintain and upgrade facilities to attract new golf and social members to enjoy the facilities of the Club and to increase our involvement with community groups.

STRATEGY FOR ACHIEVING THE OBJECTIVES

Principal strategies include:

- Encouraging the participation of Golf members in Golf NSW events.
- Attracting new golfers and retaining existing golf members by offering the best playing facilities possible.
- Fostering a fraternal feeling amongst golfers to preserve and promote the best traditions in the game of golf.
- Marketing the advantages of membership of the club.
- Striving to provide a high standard of customer service.
- Pursuing new marketing initiatives.
- Provide the members and the local community with a Club House which offers excellent food and friendly atmosphere.

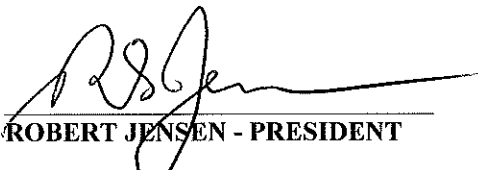
Indemnification and Insurance of Officers

The Company has provided for and paid premiums totalling \$2,577.85 during the year for directors' and officers' liability insurance. The insurance is in respect of legal liability for damages and legal costs to a maximum of \$5,000,000 arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as directors or officers of the Company.

Auditor's Independent Declaration

The Auditor's Independent Declaration for the year ended 31st May 2017 has been received and can be found on page 5 of this report.

Dated at Penrith this 19th day of July 2017.
Signed in accordance with a resolution of Directors



ROBERT JENSEN - PRESIDENT



STEPHEN CRITCHLEY - TREASURER


Penrith Golf and Recreation Club Limited
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Auditor's Independent Declaration
Under Section 307c of the Corporations Act 2001
To The Members of Penrith Golf and Recreation Club Limited

I declare to the best of my knowledge and belief, during the year ended 31st May, 2017 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.

Dated at Sydney this 17th day of July 2017


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HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered Company Auditor

Penrith Golf and Recreation Club Limited
(A Company Limited by Guarantee)
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Statement of Comprehensive Income
For the year ended 31st May 2017

	Notes	2017 \$	2016 \$
Revenue from Continuing Operations			
Sale of goods		910,871	895,420
Rendering of services		1,769,021	1,710,598
Other revenue from ordinary activities		<u>180,200</u>	<u>208,477</u>
Total Revenue from Continuing Operations		2,860,092	2,814,495
Cost of goods sold		(389,263)	(392,957)
Course expenses		(664,844)	(655,767)
Poker Machine expenses		(224,957)	(227,353)
Bar expenses		(283,417)	(261,898)
Administration expenses		<u>(1,084,463)</u>	<u>(1,036,923)</u>
		(2,646,944)	(2,574,898)
Earnings before borrowing costs, tax depreciation and amortisation		213,148	239,597
Depreciation and amortisation expense		(192,328)	(122,158)
Borrowing Costs		<u>(353,097)</u>	<u>(541,438)</u>
Profit/(Loss) on ordinary activities before income tax		(332,277)	(423,999)
Income tax expense relating to ordinary activities	1(d)	<u>-</u>	<u>-</u>
		(332,277)	(423,999)
Other Comprehensive Income			
Profit on land sales		75,000	-
Compensation business disturbance		34,004	-
Total Comprehensive (Loss) attributable to members for the year		<u><u>(223,273)</u></u>	<u><u>(423,999)</u></u>

Penrith Golf and Recreation Club Limited
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Statement of Financial Position
As at 31st May 2017

	Notes	2017 \$	2016 \$
Current Assets:			
Cash and cash equivalents		636,361	564,979
Inventories	5	53,751	38,976
Other	6	14,041	12,356
Total Current Assets		704,153	616,311
Non-current Assets:			
Property, plant and equipment	7	15,532,743	15,357,769
Total Non-current Assets		15,532,743	15,357,769
Total Assets		16,236,896	15,974,080
Current Liabilities:			
Trade and other payables	8	445,773	440,235
Interest-bearing loans and borrowings	9	22,849	23,817
Provision & Employee benefits	10	79,168	103,182
Other	13	242,620	260,612
Total current liabilities		790,410	827,846
Non-current liabilities:			
Interest-bearing loans and borrowings	9	4,700,018	4,146,830
Provision & Employee benefits	10	74,201	103,864
Total Non-current liabilities		4,774,219	4,250,694
Total liabilities		5,564,629	5,078,540
Net Assets		10,672,267	10,895,540
Members' Equity:			
Reserves		13,065,112	13,065,112
Accumulated Losses	14	(2,392,845)	(2,169,572)
Total members' Equity	18	10,672,267	10,895,540

Penrith Golf and Recreation Club Limited
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Cash Flow Statement
For the year ended 31st May 2017

	Notes	2017 \$	2016 \$
Cash Flow From Operating Activities			
Receipts from Member & Guests		3,239,013	3,192,740
Cash payments to Suppliers and Employees		<u>(3,000,045)</u>	<u>(2,818,447)</u>
		238,968	374,293
Cash generated from operations			
Interest received		593	596
Borrowing Costs		(353,097)	(541,438)
Net Cash from operating activities	17	<u>(113,536)</u>	<u>(166,549)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(367,302)	(4,503)
Net cash from investing activities		<u>(367,302)</u>	<u>(4,503)</u>
Cash Flows from financing activities			
Lease & Hire Purchase		182,482	-
Borrowings - Seven Hills-Toongabbie RSL Limited		405,280	4,146,830
Repayment of ARES Capital Management Loan		-	(3,671,389)
Payment of finance lease liabilities		(35,542)	(18,730)
Net cash from financing activities		<u>552,220</u>	<u>456,711</u>
Net (decrease) in cash and cash equivalents		71,382	285,659
Cash and cash equivalents at 1st June 2016		564,979	279,320
Cash and cash equivalents at 31st May 2017		<u><u>636,361</u></u>	<u><u>564,979</u></u>

Notes to the Financial Statements
For the year ended 31st May, 2017

NOTE 1. SUMMARY OF 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. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARDS

The Club has elected to apply the following pronouncements to the annual reporting period beginning 1 April 2011:

- AASB 1053 application of *Tiers of Australian Accounting Standards* and AASB 2010 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The early adoption of AASB 1053 enables the Club to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The Club is eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements and has adopted the requirements of the standard effective for the financial year ended 31st May 2015.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) **Revenue Recognition**

Sales Revenue

Sales Revenue comprises revenue earned from Bar, Catering, Competition Fees, Social Functions and Poker Machine facilities to members and other patrons of the Club. Sales revenue is recognised when the goods and services are provided.

Asset Sales

The gross proceeds of asset sales are included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Interest Income

Interest income is recognised as it accrues.

(b) **Property, Plant and Equipment**

- i. Land is stated at cost.
- ii. Building is depreciated on a fixed rate basis over 40 years.

Notes to the Financial Statements
For the year ended 31st May, 2017

- iii. Plant and equipment is being depreciated so as to write off the net cost of each asset over its expected useful life between 3 to 15 years.
- iv. Glassware, crockery and cutlery have not been depreciated as these items are continually being replaced during the year. The cost of replacements is written off as incurred.

(c) **Inventories**

Stock on hand has been counted and valued by independent persons on the basis of cost price on a first in first out basis and amounted to \$53,751 (2016: \$38,976). Full provision has been made for depreciation and deterioration of damaged or obsolete stock where necessary.

(d) **Income Tax**

No provision has been made for Income Tax as the Company is exempt under Section 50-45 of the Income Tax Assessment Act (1997), provided it continues as a sporting club predominantly encouraging and promoting the sport of golf for recreation purposes. Accordingly, tax effect accounting has not been adopted by the Company.

(e) **Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

(f) **Employee Entitlements**

Holiday pay, sick leave and long service leave have been provided on the basis of the relevant state legislation and awards including all amounts legally payable as at the date of balance sheet and any amounts payable under contingencies provided for in respect of employee termination.

(g) **Financial Reporting by Segments**

The Company is engaged only in the conduct and promotion of a registered golf club for members of the Company and only at the location of its registered office at 1939 Northern Road, Penrith, NSW, Australia.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash balances call and term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flows statement.

Notes to the Financial Statements
For the year ended 31st May, 2017

(i) **Trade and Other Payables**

Trade and other payables are stated at cost.

(j) **Expenses**

(i) **Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) **Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) **Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest method.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Penrith Golf and Recreation Club Limited
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Notes to the Financial Statements
For the year ended 31st May 2017

	2017	2016
	\$	\$
<u>Note 2 Revenue from Continuing Operations</u>		
Operating Activities		
<u>Sale of Goods Revenue</u>		
Bar Sales	910,871	895,420
<u>Rendering services Revenue</u>		
Poker Machines	792,695	686,161
Course	516,370	557,720
Subscriptions	425,504	436,678
Keno	16,711	13,296
TAB	17,741	16,743
	1,769,021	1,710,598
<u>Other Revenue from Ordinary Activities</u>		
Raffles	50,365	68,923
Rent Collected	48,937	45,434
Sponsorship	13,186	36,690
Caterer	26,500	28,000
ATM	17,230	18,142
Other	21,210	5,790
Room Hire	2,179	4,902
Interest Received	593	596
	180,200	208,477
Total Revenue from Continuing Operations	2,860,092	2,814,495

Note 3 Expenses from Operating Activities

Cost of goods sold	389,263	392,957
Borrowing costs		
Interest - ARES Capital	-	328,713
Interest - Seven Hills-Toongabbie RSL	347,580	146,829
Hire Purchase	5,517	2,224
Legal Fees	-	50,546
Stamp Duty	-	13,126
	353,097	541,438
Depreciation	192,328	122,158

Penrith Golf and Recreation Club Limited
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Notes to the Financial Statements
For the year ended 31st May 2017

4 Going Concern

The financial statements have been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 31st May 2017 the Company recorded a loss of \$223,273 (2016: Loss \$423,999). In addition, the Company has current liabilities of \$4,774,219 as at 31st May 2017. The loan balance with the Seven Hills-Toongabbie RSL Club Limited is \$4,551,610 which is due for repayment as described in Note 9.

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis as they are confident that the cash assets of \$910,871 as at 31st May 2017 will be sufficient to enable it to continue as a going concern.

In the event that the Company is unable to access sufficient cash referred to above, there is significant uncertainty as to whether it will be able to continue as a going concern and therefore whether the Company can realise its assets and extinguish its liabilities at the amounts stated on the balance sheet. In this situation, the going concern basis would not be appropriate.

	Notes	2017 \$	2016 \$
5 Inventories			
Finished goods - at cost		<u>53,751</u>	<u>38,976</u>
6 Other Assets			
Current Prepayments		<u>14,041</u>	<u>12,356</u>

Penrith Golf and Recreation Club Limited
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Notes to the Financial Statements
For the year ended 31st May 2017

	Notes	2017	2016
		\$	\$
7 Property, plant and equipment			
Land at valuation		14,003,000	14,105,000
Development costs - re land sale		36,322	36,322
Course improvements (at cost)		341,967	341,967
Less accumulated depreciation		<u>(247,913)</u>	<u>(231,797)</u>
		<u>14,133,376</u>	<u>14,251,492</u>
Building and improvements			
At cost		1,832,047	1,832,046
Accumulated depreciation		<u>(1,077,596)</u>	<u>(1,035,441)</u>
		<u>754,451</u>	<u>796,605</u>
Plant and equipment			
At cost		3,348,538	2,879,236
Accumulated depreciation		<u>(2,703,622)</u>	<u>(2,569,565)</u>
		<u>644,916</u>	<u>309,671</u>
Total property, plant and equipment		<u><u>15,532,743</u></u>	<u><u>15,357,768</u></u>

Core Assets

The Land Buildings and Course (with the exception of 2.10 hectares of Golf Course) are classified as Core Assets as defined under the Registered Clubs Act 1976 (NSW) and Regulations.

Valuation of Property

The last valuation commissioned by your Directors was as at 31 May 2002, by Alcorn Corbin Nicholson Pty Ltd, valuer John B Corbin FAPI AREI Reg No 1673 the terms of reference was market value, which valued the Land at \$14,105,000 and total improvements including Land at \$16,125,000. Your Directors are of the opinion that no significant change in value has occurred since this date.

8 Trade and other payables

Trade payables		135,132	114,142
Non-trade payables and accruals		<u>310,641</u>	<u>326,093</u>
		<u><u>445,773</u></u>	<u><u>440,235</u></u>

Penrith Golf and Recreation Club Limited
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Notes to Financial Statements
For the year ended 31st May 2017

	Notes	2017	2016
		\$	\$
9 Interest-bearing loans and borrowings			
Current			
Finance lease liabilities		24,875	29,532
<u>Less unextended finance charges</u>		<u>(2,026)</u>	<u>(5,715)</u>
		<u><u>22,849</u></u>	<u><u>23,817</u></u>
Non-Current			
Loan - Seven Hills-Toongabbie RSL Club Limited		4,551,610	4,146,830
Finance lease liabilities	15	157,609	-
<u>Less unextended finance charges</u>		<u>(9,201)</u>	<u>-</u>
		<u><u>4,700,018</u></u>	<u><u>4,146,830</u></u>
The Company had access to the following lines of credit:			
Facilities available:			
Loan - Seven Hills-Toongabbie RSL Club Limited		4,551,610	4,146,830
		<u><u>4,551,610</u></u>	<u><u>4,146,830</u></u>
Facilities utilised at reporting date:			
Loan - Seven Hills-Toongabbie RSL Club Limited		4,551,610	4,146,830
		<u><u>4,551,610</u></u>	<u><u>4,146,830</u></u>

Security

Loan from Seven Hills-Toongabbie RSL Club Limited:

- Is secured by a first Registered Mortgage over the Land Comprised in Certificate of Title Identification Auto Consol 2062.20 1/2118872 and 1617/871803 known as the Northern Road Glenmore Park NSW;
- First ranking general security agreement granted by the lender over all its assets and undertaking;
- Mortgage over water access license.

Loan Repayment

Due date is the earlier of the following;

- (a) if the Grantee exercises the call option and exchanges, then 7 days after completion of the contract.
- (b) if the Grantee does not exercise the call option, then the 30th June 2018.

Penrith Golf and Recreation Club Limited
(A Company Limited by Guarantee)
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Notes to Financial Statements
For the year ended 31st May 2017

	2017	2016
	\$	\$
10 Provisions & Employee benefits		
Current		
Employee benefits	<u>79,168</u>	<u>103,182</u>
	<u>79,168</u>	<u>103,182</u>
Non-current		
Employee benefits	<u>74,201</u>	<u>103,864</u>
<p>The present values of employee benefits not expected to be settled within twelve months of the reporting date.</p>		
11 Directors' Benefits		
<p>No Director of the Company since the end of the previous financial year has received or has become entitled to receive any benefit by reason of a contract made by the Company with a Director or with a firm of which a Director is a member or with a Company in which the Director has a substantial interest.</p>		
12 Contingent Liabilities		
<p>The Directors are not aware of the existence of any contingent liabilities as at the date of this report.</p>		
	2017	2016
	\$	\$
13 Other Liabilities		
Current		
Income received in advance	<u>242,620</u>	<u>260,612</u>
14 Accumulated losses		
Accumulated losses at beginning of year	(2,169,572)	(1,745,573)
Net Profit/(Loss)	<u>(223,273)</u>	<u>(423,999)</u>
Accumulated losses at end of year	<u>(2,392,845)</u>	<u>(2,169,572)</u>

Penrith Golf and Recreation Club Limited
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Notes to Financial Statements
For the year ended 31st May 2017

	2017	2016
	\$	\$
15 Commitments and contingencies		
Finance lease payment commitments		
Finance lease rentals commitments are payable:		
Within one year	24,875	29,532
One year after and no later than five years	157,609	-
	182,484	29,532
<u>Less:</u> Future lease finance charges	(11,227)	(5,715)
	171,257	23,817
Lease liabilities provided for in the financial statements:		
Current	22,849	23,817
Non-current	148,408	-
	171,257	23,817

The Company leases items of plant and equipment under finance leases expiring within one year. At the end of the lease term, the company has the option to purchase the plant and equipment at a price deemed to be a bargain purchase option. The lease facility is secured against the assets purchased under this facility as disclosed in Note 7.

16 Amalgamation with Seven Hills-Toongabbie RSL Club Limited

The club has engaged the services of RT Hospitality to handle the amalgamation process. Members are yet to be advised of the general meeting to approve the amalgamation.

Penrith Golf and Recreation Club Limited
(A Company Limited by Guarantee)
 ABN 54 000 377 499

Notes to Financial Statements
For the year ended 31st May 2017

	2017	2016
	\$	\$
17 Reconciliation of cash flows from operating activities		
Profit/(Loss) for the period	(223,273)	(423,999)
<i>Adjustment for financing activities:</i>		
Finance and hire purchase charges	5,517	2,324
Loan borrowing costs	347,580	539,114
Add/(less) non-cash items:		
Depreciation & amortisation	192,328	122,158
	<u>322,152</u>	<u>239,597</u>
Operating profit/(loss) before changes in working capital and provisions		
(Increase)/decrease in inventories	(14,775)	5,907
(Increase)/decrease in other assets	(1,685)	(596)
Increase/(decrease) in accounts payable	5,538	169,056
Increase/(decrease) in other liabilities	(17,992)	(44,689)
Increase/(decrease) in provisions, employee benefits	(53,677)	5,614
	<u>(82,591)</u>	<u>135,292</u>
Cash generated from operations	<u>(82,591)</u>	<u>135,292</u>
Borrowing Costs	<u>(353,097)</u>	<u>(541,438)</u>
Net cash from operating activities	<u><u>(113,536)</u></u>	<u><u>(166,549)</u></u>

18 Statement of Changes in Equity

	2017	2016
	\$	\$
Opening Balance 1st June 2016	10,895,540	11,319,539
Profit/(Loss) for the period	<u>(223,273)</u>	<u>(423,999)</u>
Closing Balance 31st May 2017	<u><u>10,672,267</u></u>	<u><u>10,895,540</u></u>

Penrith Golf and Recreation Club Limited
(A Company Limited by Guarantee)
 ABN 54 000 377 499

Notes to Financial Statements
For the year ended 31st May 2017

19 Related Party Transactions

- (a) Transactions between related parties are on normal commercial terms and conditions.
 (b) The names of the Directors who have held office during the financial year are listed under Note 20(a).

20 Key Management Personnel Compensation

a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Robert Jensen	Director
Stephen Critchley	Director
Ian Forrester	Director
Geoff Wilson	Director
Rodney Sutherland	Director
Daniel Steltenpool	Director
Clark Gibbons	Director
Ross Clissold	Director
Mark Sajowitz	Director
Peter Caston	Director
Ian Gallagher	Director

Other Key Management Personnel

Brendon Kop	Secretary/Manager
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b) Key Management Personnel compensation

	Short Term Benefits	Post Employment Benefits	
	Cash Salary & Commissions	Superannuation	Total
	\$	\$	\$
Total Compensation - 2017	93,456	8,672	102,128
Total Compensation - 2016	86,990	8,162	95,152

21 Key Performance Indicators

	2017	2016
Bar	%	%
Gross Profit Percentage	57	56
Wages to Sales Percentage	23	21
Poker Machines		
Expenses to Turnover	31	35
Wages to Turnover	18	23

Directors' Declaration
For the year ended 31st May, 2017

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 19 are in accordance with the Corporations Act 2001:
 - (a) Comply with Accounting Standards - Reduced Disclosure Requirements and the Corporation Regulations 2001; and
 - (b) Give a true and fair view of the financial position as at 31st May 2017 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated at Penrith this 19th day of July 2017
in accordance with a resolution of the Directors


.....
ROBERT JENSEN - DIRECTOR


.....
STEPHEN CRITCHLEY - DIRECTOR

**PENRITH GOLF AND RECREATION
CLUB LIMITED**
ABN: 54 000 377 499

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PENRITH GOLF AND RECREATION
CLUB LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Penrith Golf And Recreation Club Limited (the Registered entity), which comprises the statement of financial position as at 31st May 2017, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Penrith Golf And Recreation Club Limited, has been prepared in accordance with the Corporations Law -- Reduced Disclosure Requirements under the Corporations Law and the Registered Clubs Act, including:

- (a) Giving a true and fair view of the registered entity's financial position as at 31st May 2017, and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards -- Reduced Disclosure Requirements.

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 registered entity in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 31st May 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**PENRITH GOLF AND RECREATION
CLUB LIMITED**
ABN: 54 000 377 499

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PENRITH GOLF AND RECREATION
CLUB LIMITED (Continued)**

Responsibilities of the Directors for the Financial Report

The directors of the registered 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 under the Corporations Law and Registered Clubs Act, 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 registered 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 registered 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.
- 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 registered 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 registered 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 registered entity to cease to continue as a going concern.

**PENRITH GOLF AND RECREATION
CLUB LIMITED**
ABN: 54 000 377 499

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PENRITH GOLF AND RECREATION
CLUB LIMITED (Continued)**

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

**DATED AT SYDNEY
THIS 25TH DAY OF
JULY 2017**


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HARLEY, RUSSELL & DAY
Chartered Accountants

GARRY WILLIAM DAY
Registered entity Auditor