

LANE COVE CLUB LIMITED

A.C.N. 000 212 779

FINANCIAL REPORT 31 March 2016

This is Annexure 1 of 35 pages referred to in Form 388 – Copy of Financial Statements and Reports.



Carol Derwin

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Contents

Directors' Report.....	Page 1-5
Lead Auditor's Independence Declaration.....	Page 6
Financial Report	
Statement of Comprehensive Income.....	Page 7
Statement of Changes in Equity.....	Page 8
Statement of Financial Position.....	Page 9
Statement of Cash Flows.....	Page 10
Notes to the Financial Statements.....	Page 11-35
Directors' Declaration.....	Page 36
Independent Audit Report to the Members of the Lane Cove Club Ltd.....	Page 37-38
Unaudited Trading, Profit and Loss Statement.....	Page 39-43

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Report

The Directors present their report together with the financial report of The Lane Cove Club Limited for the year ended 31 March 2016.

Directors

The directors of the Club at any time during or since the end of the financial year were:

Name	Position	Meetings Attended	Occupation
Ian Longbottom	President	14 (14)	Club Director
David Brooks – Horn	Vice President	14 (14)	IT Consultant
Chris Wright	Treasurer	14 (14)	Market Analyst
Noel Gladen	Director	13 (14)	Optical Designer
Andrew Fleming	Director	11 (14)	Community Transport
Robert West (Note a)	Director	7 (14)	Club Director

Note (a) Robert West has resigned from the board with effect from 27 January 2016

There were 12 full board meetings, 1 Annual General Meeting and 1 Extraordinary meetings held during the financial year. The number of directors' meetings attended by each member of the Board is as set out above.

Information on Directors is provided elsewhere in the Annual Report of the Club.

Club Secretary

Ms Carol Derwin was appointed to the position of Club Secretary on 1st January 2014. She also holds the role of the Club Manager and the Chief Executive Officer of the Club. Ms. Derwin has over 31 years' experience in club administration.

Principal Activities

The principal activity of the Club during the year was that of operating a licensed club for the benefit and enjoyment of its members. No significant change in the nature of this activity occurred during the financial year.

Financial Result

The net loss for the financial year was \$388,067 (2015: profit of \$1,895,079 which includes the profit on sale of the car parking area of \$ 2,162,691. Accordingly, without the capital gains of \$2,162,691 from sale of car parking area, a net loss of \$267,612 was reported during the year ended 31 March 2015).

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Report (continued)

Financial Result (continued)

The increase in operating loss for the year was due to a combination of the following:

- a) The drop in net poker machine proceeds of \$84,204 (13.5% reduction when compared with previous year) being higher than the industry average for a small suburban club. Despite the purchase of some new machines during the year ended 31 March 2015 to replace the aging ones this was not enough to attract a net increase in players.
- b) The reduction in bar sales of \$48,196 (13% reduction when compared with previous year) was also due to reduced members and visitors. Additionally, there was a significant increase in wages and superannuation expenses on bar operation during the year of \$30,895 (31% increase). As a result, the gross profit from bar operation was reduced by \$50,550 (66%).
- c) A restaurant trading operation commenced during August 2015 and generated gross revenue of \$61,102. However, restaurant operations recorded a net loss of \$35,653 and the restaurant operation was closed down in December 2015 due to the continuous losses. The restaurant operation was outsourced to an independent third party in January 2016 in order to promote other club activities and attract more members to the club.
- d) The projected levels of revenue from above major operating functions did not generate enough surpluses to contribute the amount needed for overhead recoveries despite savings in overall operating expenses.
- e) Trading operations during the year were significantly impacted by the loss of the Club's car park and the continued development construction works on the site.

Further comments on the financial results and review of operations are provided elsewhere in the report.

Dividends

No dividend has been declared or paid during the year. The Club's constitution does not permit payment of dividends.

Review of Operations

The Club continued to provide the facilities of a licensed club to its members and visitors during the financial year.

Significant changes in state of affairs

No significant changes occurred in the state of affairs of the Club during the financial year.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Report (continued)

Events Subsequent to Balance Sheet Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club subsequent to the balance sheet date except for the following events.

- a) The car park development was transferred to the Club after 31 March 2016 and the parking spaces have been valued at \$975,000 (for 34 spaces @ \$28,676 each) by Stamp Duty Valuations Pty Ltd. The Club commenced the utilisation of car parking spaces after 31 March 2016.
- b) The Club's trading results for the start of the new financial year do not appear to be an improvement in liquidity; hence continued trading operations will be determined by the inflow of receipts.
- c) An extraordinary general meeting of members was held on 15th June 2016 at which the members unanimously agreed to approve in principle the amalgamation of North Sydney Leagues Club Limited ACN 000 147 544 ("Norths") with Lane Cove Club Limited ACN 000 212 779 ("Lane Cove") such amalgamation to be effected by:
 - (i) the continuation of Norths as the corporate body of the amalgamated club and the dissolution of Lane Cove; and
 - (ii) the granting of an application made to the Independent Liquor & Gaming Authority for the transfer of the club licence held by Lane Cove in respect of its premises at 1 Birdwood Avenue Lane Cove to Norths for the purpose of such amalgamation; and
 - (iii) the transfer of the club licence held by Lane Cove to Norths pursuant to the application referred to in paragraph (b).

Future Developments, Prospects and Business Strategies

The short and long term objective for the Club is to continue to trade successfully and promote the interest of its members and provide facilities of a licensed club to members and visitors whilst delivering quality food, beverages and gaming.

The strategy for achieving these objectives is to prudently manage and monitor the Club's financial position and continue to invest wisely. As mentioned above, the Club is exploring the possibility of amalgamation with "Norths".

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Report (continued)

Environmental Regulations

The Club's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory that applies at the date of this report. The Board believes that the Club has adequate systems in place to comply with the environmental regulations and is not aware of any breach of those requirements as they apply to the Club.

Indemnification of Officers and Auditors

During or since the financial year, the Club paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Club, other than conduct involving willful breach of duty in relation to the Club.

The insurance contract entered into by the Club prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

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 auditor of the Club.

Members' Guarantee

The Club is public company limited by guarantee. If the Club is wound up, the articles of association state that each member is required to contribute a maximum of \$ 20 each. At year end, the number of members was 699 (2015:723).

Auditors' Independence Declaration

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

Proceedings against the Club

No person has applied for leave of Court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any part of those proceedings. The Club was not a party to any such proceedings during the year.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Report (continued)

Signed in accordance with the resolution of the Board of Directors and is signed on behalf of the Directors by:

.....
Ian M. Longbottom
Director

Dated at Lane Cove this 31st day of July, 2016



HALL CONSULTING GROUP
Chartered Accountants and Business Advisers

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THE LANE COVE CLUB LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2016 there has 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.

HALL CONSULTING GROUP
Chartered Accountants

Christopher J Hall

Chatswood
31 July 2016



LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	2016 \$	2015 \$
Revenue from ordinary activities	2	1,019,264	1,102,214
Proceeds from sale of carpark		-	2,162,691
Other revenue	2	13,943	4,235
Total revenue		1,033,207	3,269,140
Expenses			
Cost of sales	3	(545,782)	(444,089)
Administrative expenses		(718,266)	(766,545)
Promotional and entertainment expenses		(53,248)	(50,130)
Depreciation expenses		(100,940)	(83,388)
Total expenses		(1,418,236)	(1,344,152)
Profit/(Loss) before financing costs		(385,029)	1,924,988
Net financing costs	4	(3,035)	(29,909)
Profit/(Loss) before tax		(388,064)	1,895,079
Income tax expense	5	-	-
Profit/(Loss) for the year attributable to members		(388,064)	1,895,079

The accompanying notes form part of this statement

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Statement of Changes in Equity

As at 31 March 2016

	Note	Retained Profits	Reserves	Total
Balance at 1 April 2014		(1,132,073)	5,500,759	4,368,686
Profit attributable to members of the Company	15	1,895,079	-	1,895,079
Asset Revaluation		-	(2,047,390)	(2,047,390)
Balance at 31 March 2015		763,006	3,453,369	4,216,375
Balance at 1 April 2015		763,006	3,453,369	4,216,375
(Loss) attributable to members of the Company	15	(388,065)	-	(388,065)
Balance at 31 March 2016		374,941	3,453,369	3,828,310

The accompanying notes form part of this statement

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Statement of Financial Position

As at 31 March 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	6	239,519	568,364
Inventories	7	20,006	21,793
Other assets	8	13,901	4,183
Total current assets		273,426	594,340
Non-current assets			
Property, plant and equipment	9	3,898,897	3,984,437
Total non-current assets		3,898,897	3,984,437
Total assets		4,172,323	4,578,777
Current liabilities			
Trade and other payables	11	143,130	119,255
Loans & borrowings	12	27,298	49,047
Employee benefits	13	91,587	73,745
Other liabilities	14	4,473	4,476
Total current liabilities		266,488	246,523
Non-current liabilities			
Loans & borrowings	12	6,824	34,122
Employee benefits	13	70,702	81,756
Total non-current liabilities		77,526	115,878
Total liabilities		344,014	362,401
Net assets		3,828,309	4,216,376
Members equity			
Asset Revaluation Reserve		3,453,369	3,453,369
Retained earnings	15	374,939	763,006
Total equity		3,828,308	4,216,375

The accompanying notes form part of this statement

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Statement of Cash Flows

For the year ended 31 March 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Cash receipts from customers		994,626	1,159,733
Cash receipts from members - membership		7,488	8,137
Cash payments in the course of operations		(1,319,794)	(1,371,098)
Sundry cash receipts		42,808	48,297
Cash used in operating activities		<u>(274,872)</u>	<u>(154,931)</u>
Interest paid		(3,035)	(28,376)
Net cash used in operating activities	20	<u>(277,907)</u>	<u>(183,307)</u>
Cash flows from investing activities			
Interest received		13,943	4,235
Payments for property, plant & equipment		(15,833)	(190,399)
Proceeds from sale of non-current assets		-	2,120,131
Net cash used in investing activities		<u>(1,890)</u>	<u>1,933,967</u>
Cash flows from financing activities			
Proceeds from borrowings		-	83,169
Repayment of borrowings		(49,047)	(1,630,000)
Net cash from financing activities		<u>(49,047)</u>	<u>(1,546,831)</u>
Net increase in cash and cash equivalents		(328,844)	203,829
Cash at the beginning of financial year		568,364	364,535
Cash and cash equivalents at the end of financial year	6	<u>239,520</u>	<u>568,364</u>

The accompanying notes form part of this statement

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements

These financial statements and notes represent Lane Cove Club Limited. Lane Cove Club Limited is a public company limited by guarantee, incorporated and domiciled in Australia and this report is prepared in Australian dollars.

1. Statement of significant accounting policies

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historic costs modified where applicable by the measurement at fair value of selected non-current financial assets and financial liabilities.

The following is a summary of the significant accounting policies adopted by the Club in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated

Statement of compliance

The financial report has 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.

Income tax and deferred tax

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amounts used for taxation purposes are calculated using the principle of mutuality whereby the Club is liable to pay income tax only on the portion of the net trading income attributable to non-members and income from external sources (such as interest and rental income). Subscriptions and contributions from members and payments received from members for particular services provided by the Club are excluded from the assessable income of the Club.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

Income tax and deferred tax (Continued)

A deferred asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Fair Value of Assets and Liabilities

The Club measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Club would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

Segment Reporting

The club operates in one geographical location (Sydney) and in one industry (the licensed club industry). The reporting of the segmental results is accordingly not applicable.

Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less, where applicable any accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Certain items of property, plant and equipment that have been revalued to fair value on or prior to 1 April 2004, the date of transition to Australian Accounting Standards – AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. The owner-occupied Land and Building has been recognised on this basis.

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Club recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item, when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

Property, Plant and Equipment (continued)

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of comprehensive income in the year the asset is derecognised.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

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

Class of Fixed Assets	Depreciation Rate
Buildings	2.5%
Plant and equipment	10% - 40%
Furniture and fittings	5% - 30%
Poker machines	20%

Impairment

The carrying values of the Club's assets are reviewed for impairment when events or changes in circumstance indicate the carrying value may not be recoverable. If such an indication exists and where the carrying values exceed the recoverable amount, the asset is written down to the recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit and loss.

Intangible Assets other than goodwill

Intangible assets required separately are initially measured at cost. The cost of an intangible asset acquired is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any scheduled amortisation and impairment losses.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

Intangible Assets other than goodwill (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and thus accounted for on a prospective basis.

Inventories

Inventories comprise stock of consumable goods and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completing and selling expenses.

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

Financial instruments

a). Non-derivative financial assets

The Club initially recognises receivables on the date the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

a). Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial assets: receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash at bank is interest bearing with the interest rate at reporting date being 1.35% (2015: 1.35%). Cash on call deposit is bearing an interest rate of 2.2% (2015: 3.49%) Bank overdrafts that are repayable on demand and form an integral part of the Club's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables are recorded initially at fair value and subsequently recorded at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days.

The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment is established where there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of the receivables.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognized.

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

a). Non-derivative financial assets (continued)

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

b). Non derivative financial liabilities

Financial liabilities are recognised initially on the date that the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Club classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables (excluding accruals).

Trade and other payables

These amounts represent liabilities for goods and services provided to the Club to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables and other payables are recognised when the Club become obliged to make further payments resulting from the purchase of goods and services.

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

b). Non derivative financial liabilities (continued)

Provision for employee entitlements

Long-term benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in both the current and prior periods plus related on-costs. Consideration is given to on-costs, expected future salary and wage levels, and experiences of employee departures and service periods. Expected future payments are discounted using the acceptable published market discounted rate at the end of each reporting period. The rate used for the 2016 reporting period was 4.23% (2015: 4.23%).

Termination benefits

Termination benefits are recognised as an expense when the Club is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment or where benefits are payable on known resignation or retirement.

Contribution made by the Club to employees' superannuation funds and is charged as expenses when incurred.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Club expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Revenue

Revenues are recognised at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the provision services is recognised upon the delivery of the service to the members and customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

Notes to the financial statements (continued)

1. Statement of significant accounting policies (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

Comparative Figures

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

Going Concern

The financial report is prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

The ability of the company to continue as a going concern is dependent upon the Club's ability to generate income from operations.

The Club has signed a Memorandum of understanding with North Sydney Leagues' Club Limited on 20 May 2016 with a view to amalgamate the club activities. Subsequently, on 15th June 2016, the members of the Club resolved to accept the amalgamation. The directors of the Club are therefore of the opinion that the Company will continue as a going concern.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual years beginning after 1 April 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company. The Club does not plan to adopt these standards early and the extent of the impact has not been determined.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
2. Revenue			
Operating activities:			
Sales - bar and restaurant		312,271	360,467
Sales - restaurant trading		61,102	-
Sales - poker machines		543,420	627,623
Raffles revenue		20,061	17,699
Bingo revenue		14,860	16,075
Keno revenue		21,397	27,510
Revenue from members subscriptions		7,485	8,145
Poker machines tax subsidy		17,199	17,181
Other revenue		21,468	27,514
		<u>1,019,264</u>	<u>1,102,214</u>
Non-operating activities:			
Interest income		13,943	4,235
Total revenue		<u>1,033,207</u>	<u>1,106,449</u>
3. Cost of sales			
Cost of goods sold - bar and restaurant		134,989	164,367
Cost of goods sold -restaurant trading		27,063	-
Direct expenses - bar and restaurant		151,171	119,440
Direct expenses - restaurant trading		69,692	-
Direct expenses - poker machines		86,181	80,617
Direct expenses - raffles and bingo		76,686	79,665
Total cost of sales		<u>545,782</u>	<u>444,089</u>
4. Net financing costs			
Financial expenses:			
Interest paid		3,035	28,376
Borrowing costs - amortisation		-	1,533
Net financing costs		<u>3,035</u>	<u>29,909</u>

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
5. Taxation			
(a) Numerical reconciliation between tax expenses and pre-tax net profit			
Profit / (Loss) from all activities		(388,067)	1,895,080
Prima facie tax on net loss at 30%		(116,420)	568,524
Increase / (Decrease) in income tax expense due to:			
Movement in employee provisions		2,036	(3,902)
Members only expenses and non-deductible items		1,349	2,931
Expenses proportionately applicable to members		334,455	337,670
Decrease in income tax expense due to:			
Income from members only		(2,246)	(2,444)
Income proportionately applicable to members		(250,284)	(269,521)
Income from sale of pre-CGT assets		(131)	(658,092)
Deferred tax asset not recognised		31,241	24,834
Income tax expense		-	-
(b) Unrecognised deferred tax asset			
Deferred tax assets have not been recognised in respect of the following items:			
Tax losses		487,952	457,017
Deductible temporary differences		7,303	6,998
		495,255	464,015

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereon.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
6. Cash and cash equivalents			
Cash on hand		30,000	30,000
Cash at bank		209,519	538,364
Cash and cash equivalents		<u>239,519</u>	<u>568,364</u>
Cash and cash equivalents in the statement of cash flows		<u>239,519</u>	<u>568,364</u>
7. Inventories			
Current			
Inventory at cost - bar		<u>20,006</u>	<u>21,793</u>
8. Other assets			
Current			
Prepaid expenses		8,272	4,183
Other assets		<u>5,629</u>	<u>-</u>
		<u>13,901</u>	<u>4,183</u>

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
9. Property, plant and equipment			
Land		2,337,465	2,337,465
Buildings		2,097,433	2,097,433
Less: Accumulated depreciation		(723,262)	(670,423)
		<u>1,374,171</u>	<u>1,427,010</u>
Furniture and fittings		268,437	261,052
Less: Accumulated depreciation		(238,626)	(231,203)
		<u>29,811</u>	<u>29,849</u>
Poker Machines		483,475	483,474
Less: Accumulated depreciation		(393,057)	(365,550)
		<u>90,418</u>	<u>117,924</u>
Plant and equipment		378,833	372,109
Less: Accumulated depreciation		(311,801)	(299,920)
		<u>67,032</u>	<u>72,189</u>
		<u>3,898,897</u>	<u>3,984,437</u>

Total property, plant and equipment

The Club has agreed with I.P.M Pty Limited to purchase 34 car parking spaces in the new development. The Club is liable for stamp duty subsequent to year ended 31 March 2016 in relation to the acquisition of 34 car parking spaces. The spaces were transferred to the Club in April 2016. The market value is estimated at \$975,000 at the date of acquisition as per an independent valuation prepared by Stamp Duty Valuations Pty Limited.

The property, plant and equipment includes fully depreciated assets as noted below.

Description of the assets	Balance (\$)
Plant & equipment	270,054
Furniture & Fittings	206,453
Poker Machine	344,111
Total	<u>820,618</u>

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
10. Intangible assets not recognised			
Non-current			
<i>Poker machine entitlements</i>		-	-
At cost		-	-
At fair value		<u>1,170,000</u>	<u>720,000</u>

45 poker machine entitlements were allocated to the Club when the Gaming Machines Act 2001 commenced in New South Wales. There was no purchase price for an entitlement. A poker machine entitlement is transferable. Directors estimate that the fair value of the remaining 36 entitlements held by the Club at 31 March 2016 is \$420,000.00 (2015: 36 entitlements at \$720,000) based on active market information. The Club has elected to value the entitlement under the cost method. The carrying value of these entitlements in the books of the Club is NIL.

The poker machine entitlements have indefinite useful lives and therefore will be tested for impairment annually, at the cash generating unit level. The entitlements are not amortised. One in three poker machine entitlements is required to be forfeited to NSW Government at

11. Trade and other payables

Current

Trade creditors	83,788	68,264
PAYG payable	17,025	12,142
GST payable	10,686	8,172
Prepayments	-	4,141
Other payable	6,748	1,853
Accrued expenses	22,021	21,804
Deferred P M Tax Liability	2,861	2,880
	<u>143,130</u>	<u>119,256</u>

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
12. Loans & Borrowings			
Current			
Secured loan - Poker Machine Game Licenses		27,298	49,047
		<u>27,298</u>	<u>49,047</u>
Non-current			
Secured loan - Poker Machine Game Licenses		6,824	34,122
		<u>6,824</u>	<u>34,122</u>
The above loan related to an amount payable on account of purchase of two poker machines licenses from Aristocrat on 30 April 2014.			
13. Employee benefits			
Current			
Employee benefits			
Liability for annual leave		91,587	73,745
		<u>91,587</u>	<u>73,745</u>
Non-current			
Employee benefits			
Liability for long-service leave		70,702	81,756
		<u>70,702</u>	<u>81,756</u>
14. Other Liabilities			
Current			
Income in advance		4,473	4,476
		<u>4,473</u>	<u>4,476</u>
15. Retained earnings			
Retained earnings at the beginning of the year		763,006	(1,132,073)
Net profit/(loss) attributable to members		(388,067)	1,895,079
Retained profits at the end of the year		<u>374,939</u>	<u>763,006</u>

Notes to the financial statements (continued)

16. Subsequent Event

Subsequent Event – Carpark Lot

Under the contract between the Club and I.P.M. Pty Limited, I.P.M. Pty Limited as purchaser prepared a Stratum Plan dividing the property into the Carpark lot and Residential lot and on registration of such Stratum Plan I.P.M. Pty Ltd transferred the Carpark lot which contains the parking for 34 motor vehicles to the Club for no consideration on completion of the erection of the Residential Flat Building. The parking lot has been transferred to the Club subsequent to the balance sheet date of 31 March 2016. The market value of the parking lot is \$975,000 as per the independent valuation prepared by Stamp Duty Valuations Pty Ltd. The Club is liable for stamp duty to the NSW Office of State Revenue in relation to the acquisition of the 34 car parking spaces.

17. Members' guarantee

The Club is limited by guarantee. If the Club is wound up, the articles of association state that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Club. As at 31 March 2016 the number of members were 699 (Financial: 723 (31 March 2015: 723)).

18. Key Management Personnel

The following were key management personnel at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-Executive directors

Noel Gladen

Richard Fleming

Robert West (resigned 27 January 2016)

Executive directors

Ian Longbottom (Chairman)

Chris Wright (Treasurer)

David Brooks-Horn (Deputy Chairman)

Executives

Carol Derwin (Chief Executive Officer)

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

18. Key Management Personnel (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Club, including the directors.

	\$	\$
Total remuneration to key management personnel	192,926	188,141

The Board reviews the remuneration package and policies applicable to Directors and Executives. Remuneration is determined after due consideration of market related conditions and the condition made by each key management personnel towards the overall profitability of the Club. All remuneration packages are fixed and there is no performance-linked remuneration. Fixed compensation is paid to the executive officer and consists of base compensation, employer contributions to superannuation funds and fringe benefits.

Both executive and non-executive directors are entitled to be paid directors fees of \$1,000 per annum as approved at the AGM. Directors fees are included in the key management personnel compensation shown above. The Club does not provide fringe benefits to any of the directors or executive officers. No written service contracts are in place.

The directors were also reimbursed for expenses incurred in carrying out their role as a director. The total directors' fees and expenses reimbursed for the year ended 31 March 2016 was \$7,526 (2015: \$7,973).

19. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions nor more favorable than those available to other persons unless otherwise stated.

There were no amounts receivable or payable to related key management personnel at balance date.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

	Note	2016 \$	2015 \$
20. Reconciliation of cash flows from Operating activities			
Gain / (Loss) for the period		(388,067)	1,895,080
Interest received		(13,943)	(4,236)
<i>Adjustments for:</i>			
Depreciation		100,940	83,388
Amortisation expense		-	1,533
(Gain) on disposal of non-current assets		435	(2,162,691)
Interest expense		3,035	28,376
Operating loss before changes in working capital and provisions		(297,600)	(158,550)
Decrease in inventories		1,787	3,286
(Increase) in other assets		(9,717)	(8,195)
Increase in trade creditors		15,524	5,418
Increase in sundry creditors and accruals		8,348	16,937
(Decrease) in income in advance		(3)	(822)
(Decrease) in provisions		6,788	(13,005)
Cash (outflow) from operations		(274,872)	(154,930)
Interest paid		(3,035)	(28,376)
Net cash used in operating activities		(277,907)	(183,306)

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Financial risk Management

The Club's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans and derivatives.

	Note	2016 \$	2015 \$
21. Financial Risk management			
Financial assets			
Cash and cash equivalents	6	239,520	568,364
Loans and receivables	8	13,900	4,183
total financial assets		253,420	572,547
Financial liabilities			
Trade and other payables	11	143,129	119,256
Borrowings	12	34,122	83,169
Income received in advance	14	4,473	4,476
Total financial liabilities		181,724	206,901

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Club in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The Club does not have any derivative instruments at 31 March 2016 (2015:Nil).

The directors of the Club, meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The board of director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Notes to the financial statements (continued)

21. Financial risk Management (continued)

Specific Financial Risk Exposures and Management

The main risks the Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Club is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Club

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the company, credit terms are generally 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Club is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Club has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 8.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Financial risk Management (continued)

Liquidity Risk

Liquidity risk arises from the possibility that the Club might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Club manages this risk through the following mechanisms.

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative and derivative financial liabilities.

Cash flows realised from financial assets reflect Director's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect directors's expectations that loan facilities will be rolled forward.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Financial risk Management (continued)

Liquidity Risk (continued)

		Within 1 year		1 to 5 years		Total	
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$	\$	\$
Maturity analysis of financial assets and financial liabilities							
Financial liabilities							
Borrowings	12	34,122	49,047	-	34,122	34,122	83,169
Trade and other payables	11	143,129	119,256	-	-	143,129	119,256
Income in advance	14	4,473	4,476	-	-	4,473	4,476
Total cash outflows expected		181,724	172,779	-	34,122	181,724	206,901
Financial assets							
Cash and cash equivalents	6	239,520	568,364	-	-	239,520	568,364
Trade and other receivables	8	13,900	4,183	-	-	13,900	4,183
Total cash inflows expected		253,420	572,547	-	-	253,420	572,547
Total net cash inflows expected		71,696	399,768	-	(34,122)	71,696	365,646

Maturity analysis has not extended for over 5 years as maturity of financial assets or liabilities have not extended beyond 5 years.
No assets have been pledged as collateral as at 31 March 2016 (2015: nil)

Market Risk

(a). Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Club is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Club to interest rate risk are limited to borrowings, cash and cash equivalents.

(b). Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held. Such risk is managed through diversification of investments across industries and geographic locations.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Financial risk Management (continued)

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table below and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Club. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Club.

	Note	2016		2015	
		Carrying	Fair value	Carrying	Fair value
		amount		amount	
		\$	\$	\$	\$
Fair value of financial assets and liabilities					
Financial assets					
Cash and cash equivalents	6	239,520	239,520	568,364	568,364
Loans and receivables	8	13,900	13,900	4,183	4,183
total financial assets		253,420	253,420	572,547	572,547
Financial liabilities					
Trade and other payables	11	143,129	143,129	119,256	119,256
Borrowings	12	34,122	34,122	83,169	83,169
income in advance	14	4,473	4,473	4,476	4,476

22. Reclassification

The preparation of financial statements in conformity with AASB 101, presentation of financial statements, certain prior year amounts have been reclassified for consistency with the current period.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Registered Club Regulation declarations

The Registered Club Regulation 2009 (Section 38 of the Registered Clubs Act 1976) and the Registered Clubs Act 1976 requires the club to include the following information in its annual report to members in relation to the financial year. Club members may inspect the original of these disclosures and declarations by making a written application to the Secretary.

a. Core property and non-core property of the club (section 41 J(2))

At the Annual General Meeting on 31st July 2011, the membership approved the adoption of the Minutes of previous General Meeting where the Car Park adjacent to the Club house at 1 Birdwood Avenue, Lane Cove NSW, was declared as a Non-Core Property in accordance with section 41J of the Registered Clubs Act, for the purpose of Development, after which the Car-park will be returned to the Club as Core Property or disposed of to reduce core debt. All other real property owned by the club is classified as Core Property in accordance with Section 41J of the Registered Clubs Act.

b. Disclosure of interests of directors in contracts with the Club (section 41C)

There were no contracts with the Club undertaken by directors during or since the end of the financial year.

c. Financial interests in hotels (section 41D)

In the reporting period there were no occasions when directors or top executives reported a financial interest in a hotel in NSW.

d. Gifts to directors and staff (section 41E and 41F)

There were no occasions in the reporting period where directors, top executives or employees reported receiving gifts from affiliated bodies or contractors.

e. Top executives (section 18(2)(b))

The number of club top executives whose total remuneration for the reporting period (comprising salary, allowances and other benefits) falls within each successive \$10,000 band commencing at \$100,000:

Band	2016	2015
\$120,000 - \$130,000	1	1

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Notes to the financial statements (continued)

21. Registered Clubs Act declarations (continued)

f. Overseas travel (section 18(2)(c))

There were no occasions in the reporting period where the Club incurred costs for the overseas travel of directors or employees.

g. Loans to staff (section 18(2)(d))

There were no loans made to employees exceeding \$1,000 made during the year.

h. Contracts approved by board (section 18(2)(e))

During the reporting period, the Club did not knowingly enter into a contract with any of the directors or top executives or entities, in which a director, top executive or close relative had an interest.

i. Employees related to directors and top executives (section 18(2)(f))

In the reporting period the Club did not employ any person who was a close relative of a director or top executive of the Club.

j. Payments to consultants (section 18(2)(g) and (h))

During the financial year, there were no instances where the Club engaged a consultant for an amount exceeding \$30,000.

k. Legal fees paid by the club (section 18(2)(j))

In the reporting period there were no instances when the Club paid legal fees for directors and employees.

l. Gaming machine profit (section 18(2)(k))

In the most recent financial year, the total profit from gaming machines was \$547,008 (31 March 2016: \$630,204).

m. Amount paid to community development (section 18(2)(l))

In the reporting period the Club did not apply any funds to community support and development.

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

Directors' Declaration

In the opinion of the directors of the Lane Cove Club Ltd:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Club as at 31st March 2016 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (b) complying with Accounting Standards and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Ian M. Longbottom
Director

Dated this 31st day of July, 2016
Lane Cove



HALL CONSULTING GROUP

Chartered Accountants and Business Advisers

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion the financial report of The Lane Cove Club Limited is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the club's financial position as at 31 March 2016 and of its performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1, there is significant uncertainty whether The Lane Cove Club Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

HALL CONSULTING GROUP

Chartered Accountants

Christopher J Hall

Suite 4.02 Level 4, 9 Help Street, Chatswood NSW 2067

31st day of July, 2016





Independent Audit Report to the Members of the Lane Cove Club Limited

Scope

Report on the Financial Report

We have audited the financial report of The Lane Cove Club Limited (the 'Club') for the year ended 31 March 2016, which comprises the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration

Directors' Responsibility for the Financial Report

The directors of the Club are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 the directors, as well as evaluating the overall presentation of the financial report.

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

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

UNAUDITED TRADING, PROFIT AND LOSS STATEMENT
For the year ended 31 March 2016

	Note	2016 \$	2015 \$
Trading Statement			
Bar and Restaurant			
Sales - bar and restaurant		312,271	360,467
Less: Cost of goods sold			
Opening stock - bar and restaurant		21,793	25,079
Purchases - bar		98,501	120,658
Purchases - wine		34,503	40,424
Closing stock - bar and restaurant		(19,808)	(21,793)
Less: Direct costs			
Bar stocktake fees		5,100	5,100
Wages and superannuation expense		130,809	99,914
Complimentary drinks		8,725	8,016
Bar replacements		3,621	3,627
Waste removal		2,916	2,396
Repairs and maintenance		-	387
Gross profit from bar and restaurant trading		26,111	76,659

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

UNAUDITED TRADING, PROFIT AND LOSS STATEMENT
For the year ended 31 March 2016

	Note	2016 \$	2015 \$
Trading Statement			
Poker Machines			
Sales - poker machines		543,420	627,624
Less: Direct costs			
Wages and superannuation expense		47,485	47,821
Poker machine monitoring		17,928	17,437
Repairs and maintenance		20,768	15,358
Gross profit from poker machine trading		457,239	547,008
Trading StatementOther Gaming			
Sales - bingo		14,860	16,075
Sales - raffles		20,061	17,699
Less: Direct costs			
Raffles expenses		25,204	25,364
Bingo expenses		51,482	54,300
Gross profit from other gaming		(41,765)	(45,890)

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

UNAUDITED TRADING, PROFIT AND LOSS STATEMENT

For the year ended 31 March 2015

	Note	2016 \$	2015
Restaurant Trading			
Sales - Net proceeds		61,102	-
Less: Cost of goods sold			
Food purchase		27,063	-
Less: Direct costs			
Restaurant expenses & Replacements		648	-
Wages and superannuation expense		68,388	-
Complimentary - Restaurant		61	-
Repairs and Maintenance - Rest		595	-
Gross profits from restaurant Operations		<u>(35,653)</u>	-

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

UNAUDITED TRADING, PROFIT AND LOSS STATEMENT
For the year ended 31 March 2016

	Note	2016 \$	2015 \$
Income			
Gross profit from trading		405,932	577,777
Members subscriptions		7,485	8,145
Keno commission		21,397	27,510
Poker machine tax subsidy		17,199	17,180
Room hire		5,151	4,928
Profit (Loss) on Sale of Non-Current Asset		(435)	2,162,691
Other income (rent)		12,421	17,902
Interest received		13,943	4,235
ATM commissions		3,896	4,684
		486,989	2,825,052
Expenses			
Accountancy fees		28,875	34,180
Advertising and promotions		10,529	13,183
Amortisation – borrowing cost		-	1,533
Auditors' remuneration		28,647	28,908
Bank and merchant fees		2,228	2,033
Cleaning and laundry		22,465	32,292
Computer maintenance		1,764	1,980
Consultancy fees		6,000	8,640
Depreciation expense		100,940	83,388
Directors expenses and honoraria		7,526	7,973
Donations		200	100
Electricity and gas		35,526	46,359
Entertainment		42,719	31,132
Filing fees		46	1,993
Games and promotions/Trivia		5,163	5,816
General expenses		310	1,735

LANE COVE CLUB LIMITED
A.C.N. 000 212 779

UNAUDITED TRADING, PROFIT AND LOSS STATEMENT
For the year ended 31 March 2016

Expenses (continued)

Insurance	40,966	40,867
Interest paid	3,035	28,376
Long service leave provided	4,815	5,647
Meeting expenses	-	2,352
Members' amenities	2,875	4,420
Membership cards	1,620	1,620
Members journal	-	1,377
Motor Vehicle Allowance	2,400	6,400
Pest control	560	492
Postage and stationery	6,699	6,131
Annual leave provided	1,972	(18,655)
Rates and taxes	20,275	25,191
Repairs and maintenance	45,073	54,962
Wages & Salaries	337,833	356,656
Security costs	2,106	3,274
Sky channel	21,016	20,403
Sporting clubs	214	439
Staff amenities	15,003	10,596
Staff training	325	418
Subscriptions	7,477	7,381
Superannuation	47,716	42,039
Telephone	3,488	3,507
Travel expenses	1,316	1,562
Waste disposal	5,572	6,898
Welfare	95	-
Workers compensation	9,665	16,375
Total expenses	875,054	929,973
Operating loss for the year	(388,065)	1,895,079