

Financial statement exercises

A set of financial statements are attached at the end of this handout.

1. Can you give a short description of this entity and what it does?
(Some pages that may help are 3, 5, 16 and 17. Where else do you normally look to find out?)
2. Why have these financial statements been produced?
3. Who do you think are the potential users of these statements? What do they want to know?
4. Review the statements
 - a. For compliance with reporting requirements (the checklist below may help); and
 - b. To identify any questions you may have.

Checklist – common AASB 101 mistakes

These comments are most relevant to general purpose financial statements, and also to special purpose financial statements that must apply some parts of Accounting Standards, such as those prepared to meet the requirements of the Corporations Act or the ACNC legislation.

Presentation Issues

AASB 101 *Presentation of Financial Statements* is one the 5 standards which have to be applied in special purpose financial statements which are prepared to meet Corporations Act and ACNC legislation requirements. It sets out:

- key principles, like materiality, for presentation of the four primary financial statements and the related notes; and
- some specific presentation and disclosure requirements.

A key objective of applying the standard is to help users understand the position and performance of an entity.

The nature and purpose of AASB 101 means that when there are errors made in applying it, there is a heightened risk of misleading users or failing to provide them with sufficient information. In turn, those involved with preparation and audit, including accountants, directors and auditors face consequential risks.

Here is a list of some of the requirements of AASB 101 that are regularly seen to be omitted or misapplied.

1. Show four primary statements

The statement of Changes in Equity and the Statement of Cash Flows are sometimes overlooked by preparers of special purpose financial statements.

The requirements for a complete set of financial statements are:

- a) statement of financial position as at the end of the period;
- b) statement of profit or loss and other comprehensive income for the period;
- c) statement of changes in equity for the period;
- d) statement of cash flows for the period;
- e) notes, comprising significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
- g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

2. Third balance sheet when there is an error or other restatement

See g) in the point above – for when there is a change in accounting policy applied at the beginning of the comparative period or earlier, or an error of prior periods restated in the current report, and the effect is material to the third balance sheet.

3. Comparative information

Comparative information applies to narrative disclosures as well as to numbers.

When an entity is producing a financial report for the first time for an entity that did exist in the prior period, some preparers leave out the comparatives because the information was not present – but it should be included.

4. Identification of the reporting framework

The statements and notes should accurately identify the framework applied in preparing the statements – these are laws and accounting rules that are mandatory or have been chosen.

Common errors include producing a special purpose report when general purpose is required, stating that the accounts are general purpose when they have not been prepared as such and claiming compliance with IFRS when Australian accounting Standards are used that contain departures from IFRS.

5. Disclosure of all significant accounting policies

An entity shall disclose its significant accounting policies comprising:

- a) the measurement basis (or bases) used in preparing the financial statements; and
- b) the other accounting policies used that are relevant to an understanding of the financial statements.

However policies that are not significant or even not relevant to the financial statements should not be included as they represent clutter which reduces users ability to understand the statements.

6. Disclosure of estimates and judgements

An entity shall disclose, along with its significant accounting policies or other notes, the Judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

It will also disclose key estimates that have the most significant effect on the amounts recognised.

7. Disclosure of additional items necessary to meet user needs

Because it is not something that can easily be presented in model financial statements, and because it will be unique to each entity, preparers can sometimes overlook the requirement to add disclosure where something is material to user's information needs but is not otherwise specified as a disclosure in an accounting standard.

8. Application and disclosure of the going concern basis

Identifying and disclosing material uncertainty about the use of the going concern basis is a common oversight. Trading losses, negative net assets, breaches of loan covenants, and uncertainty about continuing operations are common triggers.

9. Offsetting (netting)

Entities are not allowed to offset assets and liabilities or income and expenses, unless required or permitted to do so by an Australian Accounting Standard.

Sometimes preparers will have data that comes from a general ledger where credit entries that represent mandatory disclosures have been posted to a debit balance account, and are therefore not visible to the preparer.

Another common error is net presentation of items that have both debit and credit elements – such as net gains on disposal, where there should be a line item for gains and a line item for losses.

10. Misclassification of assets as current

Financial position may appear better than it actually is when assets are misclassified as current. The criteria for current asset classification is any one of:

- h) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- i) it holds the asset primarily for the purpose of trading;
- j) it expects to realise the asset within twelve months after the reporting period; or
- k) the asset is cash or a cash equivalent (as defined in AASB 107) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

11. **Misclassification of liabilities as non-current**

If any one of these four criteria are met, an entity must classify a liability as current when:

- l) it expects to settle the liability in its normal operating cycle;
- m) it holds the liability primarily for the purpose of trading;
- n) the liability is due to be settled within twelve months after the reporting period; or
- o) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

This requirement usually exists independently of requirements in other accounting standards. So it is irrelevant to current/ non-current classification whether an entity expects to settle an employee benefit liability later than 12 months after balance date and therefore uses a present value measurement basis – the presentation classification turns on the legal liability to defer settlement.

Another example of a common error is when a preparer does not reclassify a borrowing when it reaches a point where there is less than 12 months till maturity date. The entity's expectations about extending the term are not relevant – to remain non-current a legally enforceable agreement to reset the maturity date, reschedule payments or refinance needs to be in place before the balance sheet date.

A breach of borrowing covenants that exists at balance date also triggers classification of a liability as current. This is not changed by a waiver received after balance date (this is reported in the notes as a subsequent event).

12. **Disclosure of individually material items**

When an item is material by itself, it should be separately disclosed. As an indicator, expenses that represented over 10% of the value of total expenses should be dissected and disclosed, rather than listed without identification as "Other Expenses".

13. **Sufficient dissection of items of income on face of profit or loss**

Some items of income are required by AASB 101 to be disclosed separately so that users can distinguish between revenue earned from providing goods and services to customers from interest income and other types of income (other accounting standards also require other income items to be disclosed)

- a) revenue, presenting separately interest revenue calculated using the effective interest method;
- b) gains and losses arising from the derecognition of financial assets measured at amortised cost;

- c) finance income;
- d) reversals of impairment losses
- e) share of the profit or loss of associates and joint ventures accounted for using the equity method;
- f) if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in AASB 9);
- g) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;
- h) a single amount for the total of discontinued operations (see AASB 5).

14. **Mandatory expense disclosure on face of profit or loss**

If they are material, the following expenses must be disclosed on the face of the income statement:

- finance costs
- impairment losses
- Losses of associates or joint ventures accounted for using the equity method

Sometimes preparers forget that accounting standards call for present value calculations as part of measurement, and they involve identifying an interest element. Although it is not a payment or receipt, it should be classified as part of interest or finance disclosed line items.

15. **Consistent disclosure of expenses dissected by nature or by function**

An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.

Expenses by 'function' would typically include grouped totals of expenses such as:

- Cost of goods sold
- Marketing costs
- Occupancy costs
- Administration costs, and
- Costs for other types of functions within the business.

Expenses by 'nature' would typically include more line items in profit or loss. Instead of disclosing 'cost of goods sold', by 'nature' expenses would instead reflect the changes in inventories and finished goods from the beginning to the end of the reporting period. This format would also include disclosure of line items for employee benefit expense, and depreciation and amortisation expenses, which are mandatory disclosures under other accounting standards. If the disclosure is 'by function', some preparers then forget to separately state these mandatory disclosures.

16. **Distinguishing items disclosed in Other Comprehensive Income**

Totals are required of those items that at some point in the future may be reclassified through profit and loss (for example on disposal), such as fair value changes on investments, and those that never will, such as any revaluation movements in property, plant and equipment.

Where there are interests in associates or joint ventures accounted for using the equity method, any movement in those interests that arise from changes in OCI in those entities should also be presented in OCI in the statements of the investor.

The amount of income tax arising from each item of OCI must be disclosed. Because it does not have to be disclosed on the face of the statement of comprehensive income and therefore is not always an item shown there in model statements, some preparers omit the disclosure.

17. Missing mandatory disclosures

Some items are regularly omitted because they are not shown separately in a trial balance or software program, or because no thought has been given to them, or there wasn't a slot in a reporting template.

Examples include:

- Auditor's remuneration (showing separately audit fees and fees for each other type of service)
- Key management personnel compensation, dissected into subtypes such as short and long-term benefits
- Contingent liabilities
- Maturity analysis of financial liabilities, where it is material
- Related party disclosures

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

ANNUAL FINANCIAL STATEMENTS

RESTATED

First issued on the 14th October 2016

Reissued on the 20th June 2017.

RICHMOND CLUB LIMITED & CONTROLLED ENTITY
ABN 14 001 034 911

DIRECTORS' REPORT

Your directors present their annual report on the company for the financial year ended 30 June 2016 which was first issued on the 14th October 2016 and have now subsequently been reissued on the 20th June 2017.

The names of the directors in office at any time during or since the end of the year are as follows:

Geoffrey Luscombe
Garry Watterson
John Melody (resigned 5 August 2015).
Maxwell Phillips
Peter Chidgey
John Baker (resigned 5 July 2016)
David Bertenshaw (resigned 25 November 2015)
Gregory Thompson
James Bullock (appointed 5 August 2015)
Dianne Finch (appointed 25 November 2015)
Jared Zak (appointed 5 July 2016).

The Directors' qualifications, experience & special responsibilities are as follows:

GEOFFREY LUSCOMBE – Chairman, elected 18 November 2009.
Chairman 7 years. Vice Chairman 7 years. Board member 18 years. Club member 40 years. Retired Police Officer.
Real Estate Agent. .

GARRY WATTERSON - Vice Chairman, elected 1 November 2013.
Vice Chairman 3 years. Board member 13 years. Club member 32 years. Retail Services Manager. Retired.

JOHN MELODY – (Resigned 5 August 2015)
Board member 13 years. Club member 34 years. Transport.

MAXWELL PHILLIPS
Board member 11 years. Club member 38 years. Business Owner/Director. Retired.

PETER CHIDGEY
Board member 11 years. Vice Chairman 5 years. Club member 13 years. Company Director, CEO.

JOHN BAKER - (resigned 5 July 2016)
Board member 9 years. Club member 10 years. Solicitor.

DAVID BERTENSHAW - (resigned 25 November 2015)
Board member 8 years. Club member 25 years. General Manager.

GREGORY THOMPSON
Board member 7 years. Club member 7 years. Veterinary Surgeon.

JAMES BULLOCK
Club Member 10 years. Business Owner/Director.

DIANNE FINCH - (appointed 25 November 2015)
Club Member 26 years. Business Owner. Retired Vice Mayor and Councillor of Hawkesbury City Council.

JARED ZAK - (appointed 5 July 2016)
Club Member since 31 May 2016. Local Solicitor.

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

RICHMOND CLUB LIMITED & CONTROLLED ENTITY
ABN 14 001 034 911

DIRECTORS' REPORT (continued)

The principle activities of the company are the conduct of a licensed social, sporting & recreation club and the operation of a nursing home and retirement units in Richmond, NSW through its controlled entity.

The long term objectives are as follows:

- To continually improve the quality of the services we provide including food, beverage, gaming, sport, recreation, fitness, children's play area, caravan facility, function centre, entertainment, retirement living, residential aged care, tourism, golf, and other complimentary services.
- To continue to embrace the sacrifice of our servicemen and women past, present and future.
- To provide a balance of planet, people and profit for communities of the Hawkesbury and surrounding districts.
- To maintain a high standard of aged care and quality services and to develop those services.
- To continue providing Richmond residents with a sense of dignity as well as comfort, privacy and safety levels.
- To provide affordable, independent housing.
- To assist in the provision of community housing.
- To assist in the development of Hawkesbury Living Cancer Trust and the Len and Margaret Peel Chemotherapy and Infusion Unit and remain the appointer of the Trustees.
- To improve golf course grounds, facilities and clubhouse services to players, members and guests.
- To build stage 3 of Hawkesbury Living specialising in a behavioral unit.
- To reduce aged care waiting lists generally.
- To maintain the excellent course and facilities at Richmond Golf Club.
- To collaborate with other Aged Care providers to increase infrastructure in the Hawkesbury responsibly.
- To collaborate with relevant charities to assist in the provision of childcare services.

The short term objectives are as follows:

- To continue working toward the health and wellbeing of our children, seniors and community including the provision of sport and recreation.
- To cater for our older community and those with special needs, developing health and wellbeing.
- To improve net cash inflows.
- To continually improve and enhance social inclusion programs through our venues and the local community.
- To extend the caravan facility and assist in the development of sustainable tourism through the Hawkesbury and adjoining Local Government Areas.
- To continue to improve our facilities at the registered clubs.

To achieve these objectives, the company adopted the following strategies and measures of performance:

- The use of benchmarking and key performance indicators within that process including profitability, efficiency, membership, staff productivity, cost control, gross profit in core trading areas, ratios, marketing, cash flow from operations to reinvestment in capital expenditure and community support. Community support performance is not only the amount of funds directed to that area but the amount of "in kind" support provided.
- To continually strive to operate efficiently and in a manner that is consistent with accepted business practice to ensure facilities are preserved, member benefits are maintained and community support is ongoing.
- We constantly monitor member, guest and residents' satisfaction of services and facilities.
- The training of employees to ensure the highest levels of service are provided to our members, guests and aged care residents.
- The company is actively involved with government representatives and departments with the club and aged care environments.
- Assessment and other accreditation standards and other responsibilities as required by the Aged Care Act 1997. Assessments include surprise and arranged visitations.

RICHMOND CLUB LIMITED & CONTROLLED ENTITY
ABN 14 001 034 911

DIRECTORS' REPORT (continued)

A copy of the auditor's independence declaration for the year ended 30 June 2016, as required under section 307C of the Corporations Act 2001 was received and is attached.

During the financial year 14 meetings of directors were held. Attendances were as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
Geoffrey Luscombe	14	14
Garry Watterson	14	13
John Melody	1	0
Maxwell Phillips	14	13
Peter Chidgey	14	13
John Baker	14	13
David Bertenshaw	5	4
Gregory Thompson	14	12
James Bullock	14	13
Dianne Finch	9	8

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee.

The company has two classes of ordinary membership, ordinary & junior. Each member is liable to contribute no more than four dollars in the event the company is wound up. The collective liability of members was \$82,824 (last year \$46,384).

Signed in accordance with a resolution of the Board of Directors


Geoffrey Luscombe
Chairman

Dated: 20th June 2017

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	Restated 2016 \$	Restated 2015 \$
Revenues			
Sale of Goods	3	2,818,129	4,719,263
Provision of Services	3	20,108,801	19,590,600
Other Revenue		554,156	251,507
Cost of Goods Sold	3	(1,258,818)	(1,944,342)
Employee Benefits Expense	3	(10,204,727)	(11,365,398)
Finance Costs		(482,975)	(568,973)
Depreciation, Amortisation and Impairment Expense		(2,129,862)	(2,068,931)
Other Expenses	3	(8,825,688)	(9,032,450)
Support Payments to the Community	4	(246,069)	(312,042)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		332,946	(730,766)
LESS: INCOME TAX EXPENSE	5	21,306	677
NET PROFIT AFTER INCOME TAX EXPENSE		<u>311,640</u>	<u>(731,443)</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to Profit or Loss			
Gains on Revaluation of Land and Buildings		-	-
Items that may be reclassified subsequently to Profit or Loss			
Fair Value Gains (Losses) on Available For Sale Financial Assets		4,654	-
OTHER COMPREHENSIVE INCOME (LOSS)		<u>4,654</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>316,294</u>	<u>(731,443)</u>
PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>311,640</u>	<u>(731,443)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>316,294</u>	<u>(731,443)</u>

The accompanying notes form part of the financial statements

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

		Consolidated Group	
	NOTE	Restated 2016 \$	Restated 2015 \$
CURRENT ASSETS			
Cash & Cash Equivalents	6	2,263,676	1,586,816
Trade & Other Receivables	7	435,934	450,037
Inventories	8	116,413	140,067
Other Current Assets	9	155,927	80,427
TOTAL CURRENT ASSETS		<u>2,971,950</u>	<u>2,257,347</u>
NON-CURRENT ASSETS			
Financial Assets	10	6,991	2,335
Property, plant and equipment	11	40,162,342	40,086,070
Intangible assets	12	5,238,945	5,256,983
Deferred tax assets	15	171,935	193,241
Other Non Current Assets	9	139,714	139,714
TOTAL NON-CURRENT ASSETS		<u>45,719,927</u>	<u>45,678,343</u>
TOTAL ASSETS		<u>48,691,876</u>	<u>47,935,690</u>
CURRENT LIABILITIES			
Trade & other payables	13	3,075,510	2,936,365
Borrowings	14	6,047,079	5,153,509
Current tax liabilities	15	-	-
Provisions	16	805,110	999,933
TOTAL CURRENT LIABILITIES		<u>9,927,698</u>	<u>9,089,807</u>
NON-CURRENT LIABILITIES			
Trade & other payables	13	878,134	991,442
Borrowings	14	8,461,456	8,877,975
Deferred tax liabilities	15	220,128	283,190
Provisions	16	174,842	43,016
TOTAL NON-CURRENT LIABILITIES		<u>9,734,561</u>	<u>10,195,623</u>
TOTAL LIABILITIES		<u>19,662,259</u>	<u>19,285,430</u>
NET ASSETS (LIABILITIES)		<u>29,029,617</u>	<u>28,650,260</u>
EQUITY			
Reserve	26	7,996,631	8,139,121
Retained profits		<u>21,032,985</u>	<u>20,511,139</u>
TOTAL EQUITY		<u>29,029,616</u>	<u>28,650,260</u>

The accompanying notes form part of the financial statements

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Retained Earnings \$ Restated	Revaluation Surplus \$ Restated	Total \$ Restated
Balance at 1 July 2014	20,993,590	8,313,229	29,287,701
Profit attributable to members	(731,443)		(731,443)
Transfers - Sale of Vineyard	248,992	(174,108)	74,884
Other Comprehensive Income for the year			
Gains on Revaluation of Land and Buildings		-	-
Fair Value Gains/(Losses) on Available For Sale Financial Assets		-	-
Balance at 1 July 2015	20,511,139	8,139,121	28,650,260
Profit attributable to members	311,640		311,640
Transfers - Sale of Wilberforce	210,206	(147,144)	63,062
Other Comprehensive Income for the year			
Gains on Revaluation of Land and Buildings		-	-
Fair Value Gains/(Losses) on Available For Sale Financial Assets		4,654	4,654
Balance at 30 June 2016	21,032,985	7,996,631	29,029,616

The accompanying notes form part of the financial statements

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Consolidated Group	
	NOTE	
	2016	2015
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Members, Visitors, Residents, Government and Others	23,083,347	24,553,308
Payments to suppliers and employees	(20,563,390)	(23,847,215)
Interest Received	266,187	205,164
Finance Costs Paid	(744,426)	(765,781)
Net Cash provided by (used in) Operating Activities	<u>2,041,718</u>	<u>145,476</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(2,188,090)	(720,969)
Disposal of Intangible Assets and Investments	188,000	-
Proceeds from disposal of Property, Plant & Equipment	493,636	1,095,000
Net cash provided by (used in) investing activities	<u>(1,506,454)</u>	<u>374,031</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,261,081	2,068,396
Repayment of borrowings	(2,119,485)	(2,873,920)
Net cash provided by (used in) financing activities	<u>141,595</u>	<u>(805,525)</u>
NET INCREASE IN CASH HELD	676,860	(286,017)
Cash at the beginning of the year	1,586,816	1,872,833
CASH AT THE END OF THE FINANCIAL YEAR	<u><u>6</u> 2,263,676</u>	<u><u>1,586,816</u></u>

The accompanying notes form part of the financial statements

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

The consolidated financial statements and notes represent those of Richmond Club Limited and controlled entity ("Consolidated Group" or "Group").

The separate financial statements of the parent entity Richmond Club Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

This is a reissued financial report.

The directors have determined that the Group is not publically accountable.

This is a reissued financial report. The financial statements were authorised for reissue on 20 June 2016 by the directors of the company. The directors have the power to amend and reissue the financial statements.

The financial statements for the year ended 30 June 2016 were originally issued on 14 October 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

In the opinion of the directors, the Company is not publicly accountable.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis, and are based on historical costs modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent (Richmond Club Limited) and its wholly owned subsidiary (Hawkesbury Living Pty Ltd). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated upon consolidation. Accounting policies of the subsidiary have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

There are no non-controlling interests in any companies in the consolidated group.

Business Combinations

Business Combinations where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair values of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Contingent consideration classified as an asset or a liability is remeasured in each reporting period to fair value recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase.

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****b. Income Tax**

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax item relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right to set-off exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The company, using the principle of mutuality, is only liable for income tax based on earnings from non-members and external parties.

No provision for income tax has been raised for the subsidiary as it is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

c. Inventories

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

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

d. Financial Instruments**Initial Recognition and Measurement**

Financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q), amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts future estimated cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Available For Sale Investments

Available for sale financial assets 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.

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****d. Financial Instruments continued**

They are subsequently measured at fair value with any remeasurements other than impairment losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to the 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.

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 group'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 derecognised.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available for sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

For financial assets carried at amortised cost (including loans and receivables), a separate account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

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

e. Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on valuations by external independent valuers, less subsequent depreciation for buildings. In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****e. Property, Plant and Equipment continued**

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and 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 (refer to Note 1(f) for details of impairment).

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets but excluding freehold land is depreciated on a straight line basis over the assets useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Buildings 2%-5%
Plant, Equipment, Gaming Machines & Vehicles 2.5%-50%
Leased Assets 10%-50%

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

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

f. Impairment of Assets

At each the end of each reporting period the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of a class of assets, the entity estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

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

g. Employee Benefits**Short-term Employee Benefits**

Provision is made for the company's obligation for short-term employee benefits. Short term employee benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****g. Employee Benefits continued****Other Long-term Employee Benefits**

The company classifies employee's long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which the obligations are presented as current liabilities.

h. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the value of the minimum lease payments including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term. Lease incentives for operating leases were not received.

i. Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

j. Revenue

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

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Members' Subscriptions and other income in advance is brought to account in the financial year in which it relates.

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

The upfront payment from the external caterer of \$1,133,076 settled by the contribution of assets to that value in the year ended 30 June 2015 is recognised over the 10 year period of the external catering contract.

k. Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. Receivables and payables in the statement of financial position are shown inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

l. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Deferred Tax assets and Income tax expense has been amended for an overstatement.

m. Intangibles

The subsidiary company capitalises the acquisition of Bed Licences & Corporate Branding at cost at inception. Bed Licences are considered to have an indefinite useful life. Intangible assets are tested each year for impairment & are carried at cost less any accumulated impairment losses. Any licences granted at lower than fair value are recorded at fair value with the difference being recorded as a contribution in profit or loss.

Gaming Licences were recognised at fair value as part of the acquisition of the net assets of Richmond Golf Club Limited.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****m. Intangibles continued**

Existing Gaming Licences held by the company do not meet the recognition criteria under Accounting Standards and have therefore not been recognised in Statement of Financial Position.

n. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

o. Critical Accounting Estimates & Judgements

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

Key Estimates**Fair Value of Net assets acquired from External Caterer**

During the previous reporting period the company gained ownership of plant and equipment provided by the external caterer at no cost. The directors have determined the fair value of these assets is the same as the amount paid by the external caterer.

Key Judgements**(i) Going Concern Assumption**

The directors have determined that the group is a going concern and the financial report has been prepared on this basis.

(ii) Business Development Expenditure

The company is carrying forward expenditure on a number of projects. The merger with the business of Richmond Golf Club Ltd necessitated a postponement in the progress of the majority of these projects. However, the directors have determined that a number of these projects are still expected to proceed and therefore the expenditure should continue to be carried forward. For projects which the directors have determined are unlikely to proceed, the expenditure has been transferred to profit or loss.

(iii) Deferred Tax Assets

The directors have determined that there is a likelihood the company will earn taxable profits in the future. The company has therefore recognised deferred tax assets on provisions.

p. Interest Free Loans from Aged Care Residents

These loans, which are repayable on the departure of the resident, are classified as financial liabilities at fair value through profit or loss. The fair value of the obligation is measured as the ingoing contribution, less any legally accrued retention at reporting date. Although these loans are not expected to be repaid within twelve months these obligations are classified as current liabilities, as required by accounting standards, because the group does not have an unconditional right to defer settlement to more than twelve months after reporting date.

q. Fair Value of Assets and Liabilities

The company 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 company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie 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).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****q. Fair Value of Assets and Liabilities continued**

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 instruments, 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.

r. Reissue of Financial Statements and Prior Period Error

Errors were made in both the 2015 and 2016 financial statements in relation to the recognition of revenue from the external caterer which was originally accounted for in the period of its receipt. In accordance with AASB 118 revenue it has now been accounted for over the period of the contract. Additional disclosures have also been included at Note 21 in relation to interest charged to related parties on loans from the subsidiary Hawkesbury Living Pty Ltd. Please refer to Note 27 for disclosure of the changes in the financial report as a result of the correction of errors.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Restated 2016 \$	Restated 2015 \$
2. PARENT ENTITY		
The following information has been extracted from the books and records of the parent entity & has been prepared in accordance with the accounting standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	1,601,584	1,168,011
Non Current Assets	37,970,136	38,174,486
TOTAL ASSETS	39,571,719	39,342,497
LIABILITIES		
Current Liabilities	4,495,437	4,442,916
Non Current Liabilities	15,622,992	14,725,132
TOTAL LIABILITIES	20,118,429	19,168,048
EQUITY		
Retained Earnings	5,668,078	5,815,222
Revaluation Surplus	13,785,212	14,359,227
TOTAL EQUITY	19,453,290	21,306,231
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total Profit	(784,221)	(1,593,495)
Total Comprehensive Income	(784,221)	(1,593,495)
3. REVENUE AND EXPENSES		
Consolidated Group		
REVENUE		
Sale of Goods		
Beverage	1,567,941	1,922,736
Catering	1,209,879	2,755,759
Gymnasium	24,412	7,839
Hair Salon	15,897	32,928
Total - Sale of Goods	2,818,129	4,719,263
Provision of Services		
Gaming Machine Revenue	8,521,060	8,790,573
Gymnasium	504,162	509,277
Hair Salon	213,370	241,982
Golf	1,112,460	1,088,339
External Catering	193,308	28,327
Other Services	392,919	396,530
Aged Care Facility	9,171,523	8,535,573
Total - Provision of Services	20,108,801	19,590,600
Total Operating Revenue	22,926,931	24,309,863
Non-Operating Revenue		
Profit on Sale of Real Property	149,706	-
Sale of Gaming Licences	188,000	-
Other Non-Operating Revenue	216,450	251,507
Total Non-Operating Revenue	554,156	251,507

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Restated 2016 \$	Restated 2015 \$
3. REVENUE AND EXPENSES continued		
EXPENSES		
Cost of Goods Sold		
Beverage Trading	634,235	749,913
Catering	584,160	1,137,634
Gymnasium	4,649	7,292
Hair Salon	35,775	49,503
Total - Cost of Goods Sold	<u>1,258,818</u>	<u>1,944,342</u>
Employee Remuneration & Benefits		
Wages and Salaries	8,115,503	9,443,965
Superannuation Expense	1,126,423	906,934
Annual & Long Service Leave	780,470	776,134
Fringe Benefits Tax	42,687	75,326
Other Employee Benefits Expense	139,644	163,039
Total Employee Remuneration and Benefit:	<u>10,204,727</u>	<u>11,365,398</u>
Other Expenses		
Catering Expenses	150,712	272,620
External Catering Expenses	66,868	1,045
Beverage Trading Expenses	76,142	299,355
Gaming Machine Expenses & Taxes	2,297,669	2,386,750
Gymnasium Expenses	82,839	91,904
Hair Salon Expenses	13,706	18,775
Golf Expenses	395,912	436,991
Membership Expenses	18,377	96,358
Aged Care Facility Expenses	2,557,991	1,713,006
Entertainment & Promotion	1,106,125	1,257,364
Occupancy Costs	811,576	744,117
Repairs & Maintenance (excluding Gaming)	352,569	376,785
Consultancy Fees	60,502	58,036
Insurance	319,155	278,344
Miscellaneous	515,545	1,001,001
Total - Other Expenses	<u>8,825,687</u>	<u>9,032,450</u>

Significant revenue and expenses are disclosed above

4. SUPPORT PAYMENTS TO THE COMMUNITY

Donations and Sporting Club payments	<u>246,069</u>	<u>311,845</u>
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The club applies to specific community welfare and social services under the ClubGRANTS scheme in accordance with the Gaming Machine Tax Act 2001.

This scheme runs from 1 September 2015 to the 31 August 2016 and expenditure for this period are as follows:

	31 Aug 2016	31 Aug 2015
Cash Donations - Category 1 and 2	747,285	674,421
In-Kind Donations - Category 1 and 2	143,178	121,962
	<u>890,463</u>	<u>796,383</u>

The amount expended in the 12 months to the 31 August 2016 exceeded the minimum expenditure required by the ClubGRANTS scheme by \$740,312

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group	
Restated	Restated
2016	2015
\$	\$

5. INCOME TAX

The prima facie income tax on profit from ordinary activities before income tax is reconciled to income tax expenses as follows:

The prima facie income tax on net profit before income tax at 30% (last year 30%)	93,492	(219,433)
Tax Effect of		
- Non assessable & non deductible items relating to mutuality	239,875	216,301
- Other permanent differences	(33,993)	322,004
- Prior Year Tax Losses	-	(60,933)
- Current Year Tax Losses	8,078	-
- Non assessable & non deductible items due to tax exempt status of subsidiary	(328,758)	(258,615)
Prima facie tax after permanent differences	(21,306)	(677)
Tax Effect of Timing Differences		
- Movement in provisions	21,306	677
Increase in deferred tax assets	21,306	677
The components of tax expense comprise		
Current Tax	-	-
Deferred Tax	21,306	677
	<u>21,306</u>	<u>677</u>

6. CASH & CASH EQUIVALENTS

Cash on Hand	238,753	239,939
Cash at Bank	2,024,923	1,346,877
	<u>2,263,676</u>	<u>1,586,816</u>

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows

Cash and cash equivalents	2,263,676	1,586,816
	<u>2,263,676</u>	<u>1,586,816</u>

7. TRADE & OTHER RECEIVABLES**CURRENT**

Trade Receivables	30,441	11,712
Less: Provision for Impairment of Receivable	(14,783)	(9,994)
	15,658	1,718
Receivables - Residents	215,760	201,574
Other Receivables	204,517	246,744
	<u>435,934</u>	<u>450,037</u>

8. INVENTORIES**CURRENT**

At cost	116,413	140,067
	<u>116,413</u>	<u>140,067</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group	
Restated	Restated
2016	2015
\$	\$

9. OTHER ASSETS**CURRENT**

Prepayments

155,927	80,427
<u>155,927</u>	<u>80,427</u>

NON CURRENT

Business Development Expenditure carried forward

139,714	139,714
<u>139,714</u>	<u>139,714</u>

10. FINANCIAL ASSETS**NON CURRENT**

Available for sale financial assets

6,991	2,335
<u>6,991</u>	<u>2,335</u>

Total financial assets

Available For Sale Financial Assets Comprise:

- Shares in listed company

6,991	2,335
<u>6,991</u>	<u>2,335</u>

Total available for sale financial assets

11. PROPERTY, PLANT & EQUIPMENT

Freehold Land, Buildings and Improvements - at valuation

Less: Accumulated Depreciation

Less: Accumulated Impairment

36,130,780	35,635,974
(3,905,624)	(3,374,185)
<u>(40,000)</u>	<u>(40,000)</u>
32,185,156	32,221,789
410,509	489,211
<u>32,595,665</u>	<u>32,711,000</u>

Building Project in Progress

Total Land & Buildings

Leasehold Improvements

Less: Accumulated Amortisation

756,936	745,901
(273,733)	(125,489)
<u>483,203</u>	<u>620,411</u>

Total Leasehold Improvements

Plant and Equipment, Bowling Greens and Poker Machines - at cost

Less: Accumulated Depreciation

16,142,638	15,598,506
(10,902,415)	(10,048,613)
<u>5,240,223</u>	<u>5,549,893</u>

Total Plant and Equipment, Bowling Greens and Poker Machines - at cost

Leased Assets - at cost

Less: Accumulated Depreciation

4,112,919	2,956,678
(2,269,668)	(1,751,912)
<u>1,843,251</u>	<u>1,204,766</u>

Total Leased Assets - at cost

Total Property, Plant & Equipment

<u>40,162,342</u>	<u>40,086,070</u>
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(a) Movements in Carrying Amounts**BUILDINGS AND IMPROVEMENTS**

Balance at the beginning of the year

Additions

Additions-building in progress

Revaluation Increment

Disposals/Transfers

Impairment

Depreciation

TOTAL LAND AND BUILDINGS

32,711,000	34,305,475
687,083	-
13,430	90,059
-	-
(284,410)	(1,162,268)
-	-
(531,439)	(522,265)
<u>32,595,665</u>	<u>32,711,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Consolidated Group Restated 2016 \$	Restated 2015 \$
11. PROPERTY, PLANT & EQUIPMENT continued		
LEASEHOLD IMPROVEMENTS		
Balance at the beginning of the year	620,411	680,623
Additions	6,694	-
Disposals/Transfers	(56,119)	-
Depreciation and Amortisation	(87,784)	(60,212)
Carrying amount the end of the year	<u>483,203</u>	<u>620,411</u>
PLANT, EQUIPMENT & GAMING MACHINES		
Balance at the beginning of the year	5,549,893	4,680,134
Additions	692,214	1,851,986
Disposals/Transfers	(24,127)	-
Depreciation	(977,756)	(982,227)
Carrying amount the end of the year	<u>5,240,223</u>	<u>5,549,893</u>
LEASED ASSETS		
Balance at the beginning of the year	1,204,766	783,759
Additions	1,156,241	961,897
Disposals/Transfers	-	(54,958)
Depreciation	(517,756)	(485,933)
Carrying amount at the end of the year	<u>1,843,251</u>	<u>1,204,766</u>
TOTAL		
Balance at the beginning of the year	40,086,070	40,449,991
Additions	2,542,232	2,813,883
Additions-building in progress	13,430	90,059
Revaluation Increment	-	-
Disposals/Transfers	(364,656)	(1,217,226)
Impairment	-	-
Depreciation	(2,114,734)	(2,050,636)
Carrying amount at the end of the year	<u>40,162,342</u>	<u>40,086,070</u>
12. INTANGIBLE ASSETS		
Corporate Branding	180,377	180,377
Less: accumulated amortisation	(121,432)	(103,394)
Less: accumulated impairment losses	-	-
Net carrying value	<u>58,945</u>	<u>76,983</u>
Bed Licences at valuation	5,020,000	5,020,000
Less: accumulated impairment losses	-	-
Net carrying value	<u>5,020,000</u>	<u>5,020,000</u>
Gaming Licences at Fair Value - Richmond Golf Club Division	160,000	160,000
Less: accumulated impairment losses	-	-
Net carrying value	<u>160,000</u>	<u>160,000</u>
Total Intangibles	<u>5,238,945</u>	<u>5,256,983</u>
Reconciliation of Corporate Branding		
Balance at the beginning of year	76,983	95,021
Additions	-	-
Disposals	-	-
Amortisation	(18,038)	(18,038)
Impairment Losses	-	-
Carrying value at end of year	<u>58,945</u>	<u>76,983</u>

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group	
Restated	Restated
2016	2015
\$	\$

12. INTANGIBLE ASSETS continued

Gaming Licences were recognised at fair value as part of the acquisition of the net assets of Richmond Golf Club Ltd (in liquidation). Existing Gaming Licences held by the company do not meet the recognition criteria under Accounting Standards and have therefore not been recognised in Statement of Financial Position. Corporate Branding & Bed Licences have been capitalised. Gaming and Bed Licences are considered to have an indefinite life. Although there is no requirement to amortise intangible assets with indefinite lives, the carrying value has been reviewed for impairment. Corporate Branding is amortised over its useful life. The aged care facility is licensed for 144 beds (100 active licences and 44 approved in principle).

13. TRADE & OTHER PAYABLES**CURRENT**

Unsecured Liabilities		
Trade Payables	1,140,367	1,070,761
Sundry Payables & Accrued Expenses	1,077,137	798,602
Gaming Machine Tax	424,097	440,023
Income in Advance	433,909	626,980
	<u>3,075,510</u>	<u>2,936,365</u>

NON CURRENT

Income in Advance	878,134	991,442
	<u>878,134</u>	<u>991,442</u>

Financial Liabilities at amortised cost classified as trade and Other Payable:

Trade & Other Payables		
Current	3,075,510	2,936,365
Non Current	878,134	991,442
	<u>3,953,644</u>	<u>3,927,807</u>
Less: Deferred Income	(1,312,043)	(1,618,421)
Less: Other Payables	(1,077,137)	(798,602)
Financial Liabilities as Trade and Other Payables	<u>1,564,464</u>	<u>1,510,783</u>

14. BORROWINGS**CURRENT**

Bank Bills - secured	722,600	722,500
Hire Purchase Liabilities	20,342	106,441
Lease Liabilities	708,954	587,352
Interest Free Loans - Aged Care Residents	4,595,183	3,737,217
	<u>6,047,079</u>	<u>5,153,509</u>

NON CURRENT

Bank Bills - secured	7,468,631	8,191,231
Hire Purchase Liabilities	-	21,478
Lease Liabilities	992,825	665,266
	<u>8,461,456</u>	<u>8,877,975</u>

(a) Total current and non-current liabilities

Secured Liabilities		
Bank Commercial Bills	8,191,231	8,913,731
Hire Purchase Liabilities	20,342	127,919
Lease Liabilities	1,701,779	1,252,618
Interest Free Loans - Aged Care Residents	4,595,183	3,737,217
	<u>14,508,535</u>	<u>14,031,485</u>

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Consolidated Group Restated 2016 \$	Restated 2015 \$
14. BORROWINGS continued		
(b) The carrying amounts of non current assets pledged as security are:		
Mortgages		
- Freehold Land & Buildings	32,595,665	32,711,000
Fixed & Floating Charge		
- All Other Assets	16,096,211	15,224,690
Total	<u>48,691,876</u>	<u>47,935,690</u>
(c) The bank debt is secured by a first registered mortgage over certain freehold properties owned by the company. The bank also has a fixed and floating charge over all present and future assets and undertakings of the company and its subsidiary Hawkesbury Living Pty Ltd		
(d) Interest free loans comprise accommodation bonds held from aged care residents		
(e) Lease liabilities are secured by underlying asset		
(f) Hire Purchase liabilities are secured by underlying asset		
15. TAX		
(a) Liabilities		
CURRENT		
Income Tax	<u>-</u>	<u>-</u>
NON CURRENT		
Deferred Tax Liability on:		
TANGIBLE ASSET REVALUATION		
Balance at the beginning of the year	283,190	358,074
Charged to income	-	-
Charged directly to equity	(63,062)	(74,884)
Balance at the end of the year	<u>220,128</u>	<u>283,190</u>
Deferred Tax Asset on:		
PROVISIONS		
Balance at the beginning of the year	193,241	193,918
Charged to income	(21,306)	(677)
Charged directly to equity	-	-
Balance at the end of the year	<u>171,935</u>	<u>193,241</u>
16. PROVISIONS		
CURRENT		
Provision for Employee Benefits: Annual Leave	552,239	600,756
Provision for Employee Benefits: Long Service Leave	252,871	399,177
	<u>805,110</u>	<u>999,933</u>
NON CURRENT		
Provision for Employee Benefits: Long Service Leave	174,842	43,016
	<u>174,842</u>	<u>43,016</u>
EMPLOYEE BENEFITS		
Balance at beginning of the year	974,936	992,539
Additional provisions less amount used	5,017	(17,603)
Balance at the end of the year	<u>979,953</u>	<u>974,936</u>

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group	
Restated	Restated
2016	2015
\$	\$

16. PROVISIONS continued**Provision for Employee Benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data and judgement. The measurement and recognition criteria for employee benefits has been discussed at note 1(g).

17. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments payable not later than one year
Later than one year but not later than five years
Later than five years

678,066	587,352
907,434	665,266
-	-
<u>1,585,500</u>	<u>1,252,618</u>

(b) Operating Lease Commitments payable not later than one year
Later than one year but not later than five years
Later than five years

42,204	27,558
50,679	45,931
-	-
<u>92,883</u>	<u>73,489</u>

(c) Capital Expenditure

Capital expenditure commitments contracted for
- Plant and equipment purchases

740,379	422,228
<u>740,379</u>	<u>422,228</u>

18. EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the reporting period:

The company has received a development application approval from Hawkesbury City Council to construct a 38 Bed Extension to the Aged Care Facility.

Prior to balance date the company signed a contract with a property services company. This contract is for \$344,016 including GST and is for combination of maintenance work and capital improvements.

19. CONTINGENT LIABILITIES & CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable:

Agreement with External Caterer:

During the year ended 30 June 2015, the company gained ownership of plant and equipment provided by the external caterer in accordance with an agreement. If this agreement is terminated for any reason prior to the end of the 10 year term the club is liable to repay the caterer a sum for the depreciated value of the equipment based on the schedule below

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Consolidated Group
Restated	Restated
2016	2015
\$	\$

19. CONTINGENT LIABILITIES & CONTINGENT ASSETS continued

Year of Contract	Amount to be Paid (Excluding GST)
1	\$900,000
2	\$800,000
3	\$700,000
4	\$600,000
5	\$500,000
6	\$400,000
7	\$300,000
8	\$200,000
9	\$100,000
10	\$0

20. CONTROLLED ENTITIES**Controlled Entities Consolidated**

Subsidiaries of Richmond Club Limited:
Hawkesbury Living Pty Ltd

21. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

Ethan Talbot, the son of Group CEO Kimberley Talbot is employed by subsidiary Hawkesbury Living Pty Limited on an arms length basis.

Lauren Stanley, the daughter of director Peter Chidgey is employed by subsidiary Hawkesbury Living Pty Limited on an arms length basis.

Monique Gower, the daughter of former Group Employee Relations, Compliance & Audit Manager Kristen Gower was employed by the company on an arms length basis.

A business operated by Director Peter Chidgey provides property management services on normal commercial terms for the subsidiary company Hawkesbury Living Pty Ltd for the rental of the Norman Court retirement units

The parent company Richmond Club Limited has an unsecured loan with Subsidiary Company Hawkesbury Living Pty Ltd Interest is calculated as a minimum of the higher of the interest rate charged by the Bank Loans used by the Richmond Club to finance the Hawkesbury Living facilities and the 30 day term deposit rate. The interest charged during the reporting period and the amount of the loan at balance date are as follows:

Interest Charged by Hawkesbury Living Pty Ltd to Richmond Club Limited	130,725	96,824
Amount owing to Hawkesbury Living Pty Ltd by Richmond Club Limited	6,051,922	4,622,549

The names of each person holding the position of director of Richmond Club Limited during the financial year are:

G Luscombe, G Watterson, J Melody, D Bertenshaw, P Chidgey, J Baker
M Phillips, G Thompson, J Bullock, D Finch, J Zak.

The Directors did not receive any remuneration. No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving Directors interests during the financial year. Any purchase of beverages or use of company facilities are on the same terms and conditions as members, non-members and employees

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

	Consolidated Group
Restated	Restated
2016	2015
\$	\$

22. COMPANY DETAILS

The registered office and principal place of business is the corner of East Market and Francis Streets, Richmond, NSW.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel Compensation	<u>716,819</u>	<u>710,495</u>
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24. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, and leases. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows

Financial Assets		
Cash & Cash Equivalents	2,263,676	1,586,816
Loans and Receivables	435,934	450,037
Available for Sale financial assets		
- Shares in unlisted corporations	6,991	2,335
Financial Liabilities		
Financial Liabilities at amortised cost		
- Trade & Other Payables	1,564,464	1,510,783
- Borrowings	14,508,535	14,031,485

25. RESERVES**REVALUATION SURPLUS**

The revaluation surplus records the revaluations of non-current asset:

26. CORE & NON CORE PROPERTY

The details of the core and non-core property at the end of the financial year is as follows

Core Property

8 East Market St Richmond

71 Francis St & Bensons Lane Richmond

Non-Core Property

87 Francis St Richmond

5 Toxana St Richmond

9 Toxana St Richmond

113 March St Richmond

122 March St Richmond

27. REISSUE OF FINANCIAL REPORT AND PRIOR PERIOD ERROR

As stated at Note 1(r) errors were made in both the 2015 and 2016 financial statements in relation to the recognition of revenue from the external caterer which was originally accounted for in the period of its receipt. In accordance with AASB 118 Revenue it has now been accounted for over the period of the contract. Additional disclosures have also been included at Note 21 in relation to interest charged to related parties on loans from subsidiary Hawkesbury Living Pty Ltd. Notes have been adjusted to properly reflect the results

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group

2016 2015
\$ \$

27. REISSUE OF FINANCIAL REPORT AND PRIOR PERIOD ERROR continued

Amounts Stated in Original Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenues		
Assets Contributed from External Caterer	-	1,133,076
Provision of Services	19,995,494	19,562,274
Profit (Loss) Before Income Tax Expense	219,639	373,983
Net Profit After Income Tax Expense	198,333	373,306
Total Comprehensive Income (loss)	202,987	373,306
Profit (Loss) Attributable to Members of the Entity	198,333	373,306
Total Comprehensive Income (loss) Attributable to Members of the Entity	202,987	373,306

STATEMENT OF FINANCIAL POSITION

Current Liabilities		
Trade and Other Payables	2,962,203	2,823,057
Total Current Liabilities	9,814,391	8,976,500
Non Current Liabilities		
Trade and Other Payables	-	-
Total Non Current Liabilities	8,856,427	9,204,181
Total Liabilities	18,670,818	18,180,681
Net Assets (Liabilities)	30,021,058	29,755,009
Retained Profits	22,024,427	21,615,888
Total Equity	30,021,058	29,755,009

STATEMENT OF CHANGES IN EQUITY

Profit attributable to members	198,333	373,306
Balance at Beginning of Year - Retained Profits	21,615,888	20,993,590
Balance at Beginning of Year - Total	29,755,009	29,287,701
Balance at End of Year - Retained Profits	22,024,427	21,615,888
Balance at End of Year - Total	30,021,058	29,755,009

Amounts In Restated Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenues		
Assets Contributed from External Caterer	-	-
Provision of Services	20,108,801	19,590,600
Profit (Loss) Before Income Tax Expense	332,946	(730,766)
Net Profit After Income Tax Expense	311,640	(731,443)
Total Comprehensive Income (loss)	316,294	(731,443)
Profit (Loss) Attributable to Members of the Entity	311,640	(731,443)
Total Comprehensive Income (loss) Attributable to Members of the Entity	316,294	(731,443)

STATEMENT OF FINANCIAL POSITION

Current Liabilities		
Trade and Other Payables	3,075,510	2,936,365
Total Current Liabilities	9,927,698	9,089,807
Non Current Liabilities		
Trade and Other Payables	878,134	991,442
Total Non Current Liabilities	9,734,561	10,195,623
Total Liabilities	19,662,259	19,285,430
Net Assets (Liabilities)	29,029,617	28,650,260
Retained Profits	21,032,985	20,511,139
Total Equity	29,029,616	28,650,260

RICHMOND CLUB LIMITED & CONTROLLED ENTITY

ABN 14 001 034 911

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016 Continued**

Consolidated Group

2016 2015
\$ \$

27. REISSUE OF FINANCIAL REPORT AND PRIOR PERIOD ERROR continued

STATEMENT OF CHANGES IN EQUITY

Profit attributable to members	311,640	(731,443)
Balance at Beginning of Year - Retained Profits	20,511,139	20,993,590
Balance at Beginning of Year - Total	28,650,260	29,287,701
Balance at End of Year - Retained Profits	21,032,985	20,511,139
Balance at End of Year - Total	29,029,616	28,650,260

Increase (Decrease) from Original Report to Restated Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenues		
Assets Contributed from External Caterer	-	(1,133,076)
Provision of Services	113,307	28,327
Profit (Loss) Before Income Tax Expense	113,307	(1,104,749)
Net Profit After Income Tax Expense	113,307	(1,104,749)
Total Comprehensive Income (loss)	113,307	(1,104,749)
Profit (Loss) Attributable to Members of the Entity	113,307	(1,104,749)
Total Comprehensive Income (loss) Attributable to Members of the Entity	113,307	(1,104,749)

STATEMENT OF FINANCIAL POSITION

Current Liabilities		
Trade and Other Payables	113,308	113,308
Total Current Liabilities	113,308	113,308
Non Current Liabilities		
Trade and Other Payables	878,134	991,442
Total Non Current Liabilities	878,134	991,442
Total Liabilities	991,442	1,104,749
Net Assets (Liabilities)	(991,442)	(1,104,749)
Retained Profits	(991,442)	(1,104,749)
Total Equity	(991,442)	(1,104,749)

STATEMENT OF CHANGES IN EQUITY

Profit attributable to members	113,307	(1,104,749)
Balance at Beginning of Year - Retained Profits	(1,104,749)	-
Balance at Beginning of Year - Total	(1,104,749)	-
Balance at End of Year - Retained Profits	(991,442)	(1,104,749)
Balance at End of Year - Total	(991,442)	(1,104,749)