

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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The financial report was authorised for issue by the Directors on 21 August 2018. The Club has the power to amend and re-issue the financial report.

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

DIRECTORS' REPORT

Your Directors present their report for the financial year ended 30 June 2018.

1. The names of the Directors during the year and to the date of this report are:

Name	Occupation & Period of Directorship
Barry Worling	Retired Supervisor Department of Defence, Navy President, appointed November 2005 Acting President from August 2005 - November 2005 Vice President, appointed November 2003 Director since July 1999 Director July 1995 - July 1998
Alan Schofield	Retired Building Consultant Vice President from November 2006 - September 2016 Director since November 2005
Christopher McCarthy	Retired Manager Director since November 2006
Mark Winspear	Electrical Contractor Director since November 2006 Director October 2002 - November 2005 Director July 1997 - June 2000
Gary Walke	Retired Radio Technician Vice President appointed September 2016 Director since November 2009
John Dunnell	Retired Survey Draftsman Director since November 2010
John Yates	Retired NSW Ambulance Service Paramedic Taxi Owner Operator Director since May 2015

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

2. Activities

The principal activities of the Club in the course of the financial year ended 30 June 2018 were the running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution

3. Objectives of the Club

The Club's short and long term objectives are to:

- Provide the best facilities available to members and their guests with a special interest in the welfare of the returned service league.

To achieve these objectives the Club has adopted the following strategies;

- Maintain or increase existing revenue levels and control costs to continue profitability which will allow the Club's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

4. Results

The net result of operations after applicable income tax was a profit of \$349,775 (2017 profit of \$655,705).

BRIGHTON-LE-SANDS RSL CLUB LIMITED**(ABN 19 001 001 707)****DIRECTORS' REPORT****5. Review of Operations**

The Club again achieved a solid profit for the year despite the disruptions due to the renovations in the first half of the year with an increase in poker machine net revenue and bar and coffeshop sales, which were offset by increases in operating expenses, including additional depreciation.

6. Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the report or accounts that has significantly or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

7. Likely Developments and Expected Results

No new developments are anticipated in the operations of the Club, with growth in revenue levels and controlling of costs to be achieved where possible. The Board is continuing to assess the needs of members and the community to provide the best possible facilities.

8. Indemnifying Officer or Auditor

The Club has not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Club indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs expenses in successfully defending legal proceedings.

During the financial year, the Club has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

9. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and is set out on page 5 of the financial report.

DFK Crosbie continues to hold office in accordance with Section 307 of the Corporations Act. The Company may decide to engage the auditor in addition to their statutory audit where the auditor's expertise and experience with the Club is important.

10. Environmental Regulations

The Club's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

11. Dividends

The Club being a non-profit organisation is prevented from paying dividends by it's constitution.

12. Limited by Guarantee

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any obligations of the Club. The collective liability of members as at 30 June 2018 was \$14,580 (2017 \$12,950).

13. Company Secretary

The Company Secretary is Mr Scott Wheelihan. Mr Wheelihan has been an employee of Brighton Le Sands RSL Club Limited since February 1997 and was appointed on 29 March 2006 to the position of Company Secretary.

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

DIRECTORS' REPORT

14. Meeting Attendances

The number of Board meetings held during the financial year ended 30 June 2018 was 17, being 12 ordinary meetings and 5 special meetings. The details of each Directors attendance at those meetings is given below:

<u>Director</u>	<u>Ordinary</u>	<u>Special</u>	<u>No. Held while in Office</u>
Barry Worling	12	5	17
Alan Schofield	10	5	17
Christopher McCarthy	2	3	17
Mark Winspear	11	3	17
Gary Walke	12	5	17
John Dunnell	10	5	17
John Yates	12	5	17

15. Property Report

The Directors have determined that all property of the Club shall be classified as follows in accordance with Section 41J of the Registered Clubs Act 1976.

Core Property

- 351 to 361 Bay Street, Brighton Le-Sands, NSW, 2216

Signed in accordance with a resolution of the Board of Directors



Barry Worling - Director



John Yates - Director

Date: 21 August 2018



AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
BRIGHTON-LE-SANDS RSL CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:


- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Date: 21 August 2018
Warabrook, NSW

Liability limited by a scheme approved under the Professional Standards Legislation

 A member firm of DFK International a worldwide association of independent accounting firms and business advisers

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BRIGHTON-LE-SANDS RSL CLUB LIMITED

(ABN 19 001 001 707)

INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Brighton-Le-Sands RSL Club Limited

Report on the Financial Report

Opinion

We have audited the financial report of Brighton-Le-Sands RSL Club Limited (the Club) which comprises the Statement of Financial Position as at 30 June 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cashflows for the year then ended and notes to the financial statements including, a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Brighton-Le-Sands Club Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Club's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Club in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2018 included on the Club's web site. The Club's Directors are responsible for the integrity of the the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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BRIGHTON-LE-SANDS RSL CLUB LIMITED

(ABN 19 001 001 707)

INDEPENDENT AUDIT REPORT TO MEMBERS

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.

Shaun Mahony - Partner

DFK Crosbie Partners
Chartered Accountants

Date: 21 August 2018
Warabrook, NSW

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BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

DIRECTORS' DECLARATION

The Directors of the Club declare that:

- 1 The financial statements and notes, as set out on pages 9-21 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - (b) giving a true and fair view of the Club's financial position as at 30 June 2018 and of the performance for the year ended on that date.
- 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.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Directors by:



Barry Worling - Director



John Yates - Director

Date: 21 August 2018

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	6	911,023	1,775,228
Trade and Other Receivables		7,056	10,231
Investments	7	1,001,088	1,088
Inventories		39,248	36,520
Other Assets	8	65,409	153,137
TOTAL CURRENT ASSETS		2,023,824	1,976,204
NON-CURRENT ASSETS			
Property, Plant and Equipment	9	15,676,982	13,478,815
Intangible Assets	10	722,766	722,766
Deferred Tax Assets	5	66,930	75,566
TOTAL NON-CURRENT ASSETS		16,466,678	14,277,147
TOTAL ASSETS		18,490,502	16,253,351
CURRENT LIABILITIES			
Trade and Other Payables	11	422,028	747,968
Borrowings	12	2,493,495	253,305
Provisions	13	230,761	220,253
Other Liabilities	14	18,486	34,689
TOTAL CURRENT LIABILITIES		3,164,770	1,256,215
NON-CURRENT LIABILITIES			
Borrowings	12	14,317	23,267
Provisions	13	32,425	44,654
TOTAL NON-CURRENT LIABILITIES		46,742	67,921
TOTAL LIABILITIES		3,211,512	1,324,136
NET ASSETS		15,278,990	14,929,215
MEMBERS' FUNDS			
Accumulated Profits		15,278,990	14,929,215
TOTAL MEMBERS' FUNDS		15,278,990	14,929,215

To be read in conjunction with the attached notes to the Financial Statements

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue from Continuing Operations			
Sale of Goods		1,378,906	1,152,754
Rendering of Services		5,574,767	5,139,187
Other Revenue		22,963	95,683
Total Revenue from Continuing Operations	3	6,976,636	6,387,624
Expenses			
Cost of Sales		590,555	505,778
Employee Benefits and Expenses		1,922,812	1,644,886
Entertainment, Marketing & Promotional Costs		734,015	835,371
Poker Machine Duties and Taxes		957,600	848,100
Cleaning, Rent, Rates, Electricity & Gas		284,977	248,302
Insurance Expenses		101,538	100,399
Repairs and Maintenance		166,254	144,227
Security Expenses		160,555	151,589
Directors Expenses & Honoraria		26,880	27,797
Other Expenses from Ordinary Activities		479,413	439,261
Loss on Disposal of Assets		32,381	-
Donations and Grants		106,909	81,243
		5,563,889	5,026,953
Earnings Before Depreciation & Amortisation Expenses and Finance Costs		1,412,747	1,360,671
Depreciation and Amortisation Expense	4	967,602	682,917
Finance Costs	4	86,734	6,160
Profit Before Income Tax Expense		358,411	671,594
Income Tax Expense/(Benefit)	5	8,636	15,889
Net Profit from Continuing Operations After Income Tax Attributable to Members		349,775	655,705
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year After Income Tax		349,775	655,705

To be read in conjunction with the attached notes to the Financial Statements

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Note	2018 \$	2017 \$
Cash Flows from Operating Activities		
Receipts from Members and Guests	7,600,280	6,866,080
Payments to Suppliers and Employees	(5,963,320)	(5,641,331)
Interest Received	22,963	64,361
Income Tax Refunded/(Paid)	-	2,378
Interest Paid	(86,734)	(6,160)
Rental Income	-	-
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>1,573,189</u>	<u>1,285,328</u>
Cash Flows from Investing Activities		
Proceeds from Disposal of Fixed Assets	43,319	62,188
Transfers from/(to) Investments	(1,000,000)	2,750,000
Payment for Property, Plant & Equipment	(3,711,953)	(3,556,495)
Payment for Poker Machine Entitlements	-	(490,276)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(4,668,634)</u>	<u>(1,234,583)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	2,512,671	245,825
Repayment of Borrowings	(281,431)	(6,257)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>2,231,240</u>	<u>239,568</u>
Net Increase/(Decrease) in Cash Held	(864,205)	290,313
Cash and Cash Equivalents at the Beginning of the Financial Year	<u>1,775,228</u>	<u>1,484,915</u>
Cash and Cash Equivalents at the End of the Financial Year	<u>6 911,023</u>	<u>1,775,228</u>

To be read in conjunction with the attached notes to the Financial Statements

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Profits \$	Total \$
Balance at 1 July 2016	14,273,510	14,273,510
Net profit after income tax	655,705	655,705
Balance at 30 June 2017	14,929,215	14,929,215
Net profit after income tax	349,775	349,775
Balance at 30 June 2018	15,278,990	15,278,990

To be read in conjunction with the attached notes to the Financial Statements

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 Statement of Significant Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Brighton Le-Sands RSL Club Limited is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

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

Statement of Compliance

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB) being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

Income Tax

Income tax payable is calculated in accordance with the provisions of the Income Tax Assessment Act dealing with the Registered Clubs and Associations.

Deferred Tax Assets and Liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

Inventories

Inventories are measured at the lower of cost and current replacement cost.

Trade Debtors and Other Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

Accounts Payable

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days.

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Employee Benefits

Short Term

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Building Improvements	10 to 40 years
Plant and Equipment	5 to 10 years
Poker Machines	4 to 8 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, the useful lives of these intangible assets are assessed to be either finite or indefinite. Those with finite lives are amortised over that period on a straight line basis. Intangible assets are tested for impairment annually and where an indicator for impairment exists.

BRIGHTON-LE-SANDS RSL CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales revenue comprises the revenue earned from the provision of products or services to entities outside the Company.

Interest income is recognised as it accrues.

The profit or loss on disposal of an asset is brought to account at the date an unconditional contract is signed.

Other revenue is recognised as it accrues.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred.

Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Deficiency in Working Capital

The Company has a deficiency in working capital with current assets of \$2,023,824 compared to current liabilities of \$3,152,541 representing a deficiency in working capital of \$1,128,717. Current liabilities includes;

- a) the entire CBA Loan being \$2,462,090 which is included as a current liability as the Club does not have an unconditional right to defer settlement for a period of at least 12 months, however the Directors do not expect to be required to repay the full drawn amount on the facility within the next 12 months.

The Directors have formed the opinion that the going concern basis is appropriate, given the following:

- a) The Club has recorded a net profit of \$349,775 and positive operating cashflows of \$1,573,189 in the current year.
- b) The Directors' consider that trading conditions will continue to remain strong, while continued controlling of costs is also anticipated and it is expected the Club will generate sufficient cashflow to cover immediate obligations.
- c) The Club expects to continue to receive support from its financiers and suppliers.

BRIGHTON-LE-SANDS RSL CLUB LIMITED
(ABN 19 001 001 707)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and assumptions

Useful lives of non-current assets

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.

Impairment of non-current assets

Impairment testing of non-current assets is performed where indicators of impairment exist or annually for indefinite life intangible assets. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows discounted or estimated replacement cost. Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

	2018	2017
	\$	\$
3 Operating Revenue		
Sale of Goods Revenue		
Bar Sales	1,092,859	1,028,921
Coffee Shop Sales	286,047	123,833
Total Sales of Goods Revenue	1,378,906	1,152,754
Rendering of Services Revenue		
Poker Machines - Net Clearances	5,078,028	4,679,250
Function Income	8,532	12,237
Raffle Income	183,014	191,484
Bingo Income	64,310	34,625
Members' Subscriptions	28,268	25,751
Keno Commission	94,219	93,071
Tab Commission	39,161	15,439
GST Rebate	17,180	17,180
Other Commission and Sundry Income	62,055	70,150
Total Rendering of Services Revenue	5,574,767	5,139,187
Other Revenue		
Interest Income	22,963	64,360
Rental Income	-	-
Profit on Disposal of Assets	-	31,323
Total Other Revenue	22,963	95,683
Total Revenue from Continuing Operations	6,976,636	6,387,624

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4 Operating Profit

	2018 \$	2017 \$
Credits		
Interest Received / Receivable	22,963	64,360
Profit on Sale of Assets	-	59,189
Depreciation		
Plant and Equipment	565,655	471,718
Building	401,947	211,199
Total Depreciation	967,602	682,917
Interest	86,734	6,160
Loss on Sale of Assets	32,381	27,866

5 a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been calculated as follows:

	2018 \$	2017 \$
Proportion of Net Income/(Loss) Attributable to Non-Members	(112,168)	(23,718)
Add: Other Taxable Income	232,516	233,126
	120,348	209,408
Less: Other Deductible Expenses	(410,995)	(389,878)
Carried Forward Losses Not Recognised	290,647	180,470
	-	-
Current Income Tax Applicable to Above at 30%	-	-
Increase/(Decrease) in Deferred Tax Liability	-	-
Decrease/(Increase) in Deferred Tax Asset	8,636	15,889
Income Tax Refund Not Previously Recognised	-	-
Income Tax/(Benefit) Attributable to Operating Profit	8,636	15,889

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
b) Current Tax Liabilities		
Provision for Current Income Tax		
Movements During the Year:		
Balance at the Beginning of the Year	-	(2,378)
Income Tax Refund/(Paid)	-	2,378
	-	-
c) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Depreciation	28,517	36,599
Provisions	15,438	19,083
Other	22,975	19,884
Net Deferred Tax Assets	66,930	75,566
Movements		
Opening Balance	75,566	91,455
Credit/(Expensed) to the statement of profit or loss and other comprehensive income	(8,636)	(15,889)
Closing Balance	66,930	75,566
6 Cash and Cash Equivalents		
Cash at Bank and on Hand	911,023	1,775,228
	911,023	1,775,228
7 Investments		
Term Deposit > 3 months	1,000,000	-
Shares	1,088	1,088
	1,001,088	1,088
8 Other Assets		
Prepayments	54,827	59,334
Accrued Income	4,932	4,932
GST Refundable	-	83,921
Other	5,650	4,950
	65,409	153,137

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

9 Property, Plant & Equipment

	Capital WIP	Land and Buildings	Poker Machines	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2018					
At 1 July 2017,					
Net of Accumulated					
Depreciation/Amortisation	3,122,171	9,035,241	900,754	420,649	13,478,815
Additions	2,638,727	-	533,412	69,330	3,241,469
Disposals	-	(480)	(42,798)	(32,422)	(75,700)
Transfers	(5,760,898)	4,580,916	162,014	1,017,968	-
Depreciation/Amortisation	-	(401,947)	(400,850)	(164,805)	(967,602)
At 30 June 2018					
Net of Accumulated					
Depreciation/Amortisation	-	13,213,730	1,152,532	1,310,720	15,676,982
At 1 July 2017					
Cost or Fair Value	3,122,171	12,553,226	2,844,493	1,962,193	20,482,083
Accumulated Depreciation/Amortisation	-	(3,517,985)	(1,943,739)	(1,541,544)	(7,003,268)
Net Carrying Amount	3,122,171	9,035,241	900,754	420,649	13,478,815
At 30 June 2018					
Cost or Fair Value	-	17,108,236	3,330,149	2,954,064	23,392,449
Accumulated Depreciation/Amortisation	-	(3,894,506)	(2,177,617)	(1,643,344)	(7,715,467)
Net Carrying Amount	-	13,213,730	1,152,532	1,310,720	15,676,982

	2018	2017
	\$	\$
10 Intangible Assets		
Poker Machine Entitlements, At Cost	722,766	232,490
Additions During the Year	-	490,276
	722,766	722,766

Poker machine entitlements are administered by the State government and restrict the number of poker machines that can be installed by a licensed club holder. The entitlements which may be transferred or acquired or sold do not have an expiration date and therefore deemed to have an indefinite useful life. Poker machine entitlements are internally generated and therefore are only recognised when acquired and are valued at cost.

Poker machine entitlements are tested for impairment annually. At the end of the reporting period the Company assessed the recoverable amount of poker machine entitlements based on the Directors' judgments and estimates. The value thus arrived was in excess of the carrying value and accordingly no impairment losses were recognised.

11 Trade & Other Payables

Current		
Trade Creditors and Accruals	323,199	747,968
Goods and Services Tax Payable	98,829	-
	422,028	747,968

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NOTES TO THE FINANCIAL STATEMENTS
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	2018	2017
	\$	\$
12 Borrowings		
<i>Current</i>		
CBA Loan	2,462,090	245,825
Asset Purchase Liability	8,950	7,480
Aristocrat Financing	22,455	-
	<u>2,493,495</u>	<u>253,305</u>
<i>Non Current</i>		
Asset Purchase Liability	14,317	23,267
Aristocrat Financing	-	-
	<u>14,317</u>	<u>23,267</u>
<p>The Club has a \$2,500,000 loan facility with the Commonwealth Bank which is secured by:</p> <ul style="list-style-type: none"> - First Registered Mortgage by the Club over non residential Real Property located at 351-361 Bay St Brighton Le Sands NSW 2216 - General security interest by the Club comprising: First ranking charge over all present and after acquired property. 		
13 Provisions		
<i>Current</i>		
Employee Benefits	173,586	176,437
Unclaimed Payouts	1,461	604
Club Grants	55,714	43,212
	<u>230,761</u>	<u>220,253</u>
<i>Non Current</i>		
Employee Benefits	32,425	44,654
	<u>32,425</u>	<u>44,654</u>
14 Other Liabilities		
<i>Current</i>		
Income in Advance	-	12,203
Member Subscriptions in Advance	13,986	13,986
Mortality Fund Capital	4,500	8,500
	<u>18,486</u>	<u>34,689</u>

15 Contingent Liabilities

There are no contingent liabilities as at the date of this report.

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NOTES TO THE FINANCIAL STATEMENTS
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	2018	2017
	\$	\$
16 Commitments for Expenditure		
a) Capital Commitments		
The Club has committed to the following capital expenditure since balance date that will be expended within one year:		
Club Improvements	-	2,667,095
Poker Machines	127,008	-
	<u>127,008</u>	<u>2,667,095</u>
b) Rental Agreements		
Total commitments in respect of rental agreements are as follows:-		
Not later than one year	4,620	4,620
Later than one year and not later than five	3,465	8,085
	<u>8,085</u>	<u>12,705</u>
c) Hire Purchase Agreements		
Commitments in relation to hire purchases agreements are payable as follows:		
Within one year	34,872	12,417
Later than one year but less than five years	14,538	26,948
Minimum hire purchase payments	49,410	39,365
Future finance charges	(3,688)	(8,618)
Total hire purchase liabilities	<u>45,722</u>	<u>30,747</u>
Hire purchase liabilities are reflected in the Statement of Financial Position as follows:		
Within one year	31,405	7,480
Later than one year but less than five years	14,317	23,267
	<u>45,722</u>	<u>30,747</u>

17 Related Parties

Directors

The names of persons who were Directors of the Company at any time during the year are as they appear in the attached Directors Report.

	2018	2017
	\$	\$
Key Mangement Personnel		
The following remuneration was provided to the key management personel of the Club during the year:		
Short term employment benefits	140,193	139,253
Other long term employment benefits	10,420	1,811
Post employment benefits	1,811	10,325
	<u>152,424</u>	<u>151,389</u>