

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Financial Statements

For the Year Ended 30 June 2018

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

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For the Year Ended 30 June 2018

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Toukley RSL Sub Branch Club Limited

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Directors' Report For the Year Ended 30 June 2018

The directors present their report on Toukley RSL Sub Branch Club Limited for the financial year ended 30 June 2018.

Directors

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

Names	Position	Appointed/Resigned
Kenneth Piper	Chairman	
William Baldry	Senior Deputy Chairman	
Frank Sutton	Junior Deputy Chairman	Retired 29 October 2017
Ronald Marlin	Director	
Steven Chappell	Director	
Robert Swift	Director	
Peter Whybourn	Director	
David Ragan	Director	Appointed 29 October 2017

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

Principal activities

The principal activity of Toukley RSL Sub Branch Club Limited during the financial year was the operation of a registered Club in accordance with its objectives and for the benefits of its members.

No significant changes in the nature of the Club's activity occurred during the financial year.

Short term objectives

The Club's short term objectives are to:

- To be a responsible business leader in the local community by:
 - Providing local commerce
 - Maintaining employment of local residents
- Provide the highest standard of facilities to Club members and their Guests;
- Provide structure to remain relevant to our Members and Guests needs into the future; and
- Objectives to be achieved through fiscal management with a balance of consideration to all stake holders.

Long term objectives

The Club's long term objectives are to:

- Pay out all existing non current debt;
- Implement all components from the updated strategic direction; and
- The Board of Directors recognise that revenues in traditional Club Gaming and Beverage operations is in a state-wide decline. Therefore, we will consider, plan and implement diversification opportunities in order to lessen the reliance on these tradition revenues.

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2018

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Strict adherence to adopted capital expenditure budgets;
- Suitable consultants are engaged to complete designs and make any required amendments to existing Development Approvals;
- Consolidate the Club's Organisation Chart to afford a Human Resources department to undertake new staff training and performance systems;
- Conduct a thorough analysis of our resources and assets to determine other business opportunities;
- Continuous development of the Club's marketing and loyalty systems to engage customers and increasing membership; and
- Increase profitability and cashflows through the successful Implementation of marketing strategies and business modelling.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Kenneth Piper

Occupation

Telecom 16 years and Domino Mining 9 years.

Qualifications

Work Cover Authority of NSW. Occupational Health and Safety Certificate. Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate.

Experience

Material Control Officer and Payroll Officer. Stock Control and Quality Assurance Officer. Completion of ClubsNSW On-Line Courses in "Directors Foundation" and "Financial Management".

Positions held in the Club

Life member, Director 19 years, Chairman 2008-2012 and 2013-2017, Junior Deputy Chairman 2003-04 and 2005-07.

William Baldry

Occupation

Licensed Drainage Contractor, Wool Classer (Retired)

Qualifications

Licensed Contract Drainer (Trade Certificate). Wool Classer, Overseer/Expert (Shearing Shed Mechanics) Bookkeeper (Trade Certificate). Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate. Completion of ClubsNSW On-Line Courses in "Directors Foundation" and "Financial Management".

Experience

28 years as a Club Director, attendance at numerous Seminars and Workshops conducted by ClubsNSW and the Club Directors Institute to help further my knowledge of the Club Industry.

Positions held in the Club

Life member, 28 years Director, Life Member, Chairman 2002-2005 and 2012-2013, Junior Deputy Chairman 2008-11, Senior Deputy Chairman, 2006-07 and 2013-2017.

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2018

Information on directors

Frank Sutton

Occupation

Electrical Engineer (Retired)

Qualifications

Leaving Certificate 1954, Electrical Trades Certificate (Hons) 1960, Bachelor of Engineering UNSW 1968. Public Service Management Course UNSW 1990. Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate. Completion of ClubsNSW Courses in "Directors Foundation" and "Financial Management".

Experience

24 years as an Electrical Engineer including responsibility for electrical components of major civil works and implementing of major civil works and project management at Airports in NSW. Nine (9) years as an Electrical Engineering Consultant on specialized design and remedial works pertinent to the aviation industry in Australia.

Positions held in the Club

Life member, Life member of Bowling Club, Director 15 years, Junior Deputy Chairman 2004-05 and 2013-2017, Senior Deputy Chairman 2005-06 & 2008-2013.

Ronald Marlin

Occupation

Mobile Crane Operator. Field Service Concrete Plants and Self Employed. (Retired)

Qualifications

Trades Certificate in Sheetmetal and Boilermaker. Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate.

Experience

St Marys J.R.L. (President and Committee). The Entrance Aquatic Club (Commodore and Committee). National Servicemen's Association (Past President 2002-2006, NSW National Servicemen's Reunion Committee (Deputy Chairman and Committee). Completion of ClubsNSW On-Line Courses in "Directors Foundation" and "Financial Management".

Positions held in the Club

Life member, Director 10 years, Junior Deputy Chairman 2011-13.

Steven Chappell

Occupation

Warehouse (retired)

Qualifications

Printer (Trade), Responsible Service of Alcohol and Responsible Conduct of Gaming Certificate. Clubs NSW courses in Director Foundation and Financial Management.

Experience

Board member

Positions held in the Club

Director 2 years.

Robert Swift

Occupation

WHS Manager / Advisor (Retired)

Qualifications

Graduate diploma WHS, University of Newcastle Safety Management Certificate, Gosford and Newcastle TAFE. Welfare Officer Certificate, Various computer training courses. Responsible Service of Alcohol and Responsible Conduct of Gaming Certificate. Clubs NSW courses in Director Foundation and Financial Management.

Experience

25 years at Junior Management level working for State Rail Authority specializing in WHS, Risk Management and Quality Systems.

Position held in the Club

Director 2 years.

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2018

Information on directors

Peter Whybourn

Occupation Hospitality, Security Industry, Underground Miner, Sales Manager
Bread Industry. (Retired)

Qualifications Senior First Aid, Customer Relations Certificate, WHS Consultation
Certificate, Responsible Service of Alcohol and Responsible Conduct
of Gambling Certificates. Clubs NSW courses in Director Foundation
and Financial Management.

Experience Owner / Director Private Inquiry Company (10 years), Dale Carnegie
Certificate in Personal and Business Development.

Position held in the Club 19.5 years full time employee of Club
Toukley RSL, WHS Committee 7 years, 6 as Chairman, Director 2
years

David Ragan

Occupation Hospitality (Retired)

Qualifications Responsible Service of Alcohol, Responsible Conduct of Gaming
Certificate, Hospitality, Management

Experience Hospitality Management, Club Manager / Supervisor Mittagong RSL

Positions held in the Club Sub Branch Member, Bowling Club Member

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

Members guarantee

Toukley RSL Sub Branch Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2, subject to the provisions of the club's constitution.

At 30 June 2018 the collective liability of members was \$ 35,880 (2017: \$ 32,266).

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2018

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Special Board Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kenneth Piper	12	12	1	1
William Baldry	12	11	1	1
Frank Sutton	3	3	-	-
Ronald Marlin	12	11	1	1
Steven Chappell	12	10	1	1
Robert Swift	12	10	1	1
Peter Whybourn	12	11	1	1
David Ragan	9	7	1	-

Core and non core property

In accordance with Section 41J of the Registered Clubs Act the Club's Property Assets are classified as follows:

Core Property : The Club's core property assets are defined as the Club's premises and associated carparks at the main address being 35-47 Holmes Avenue Toukley.

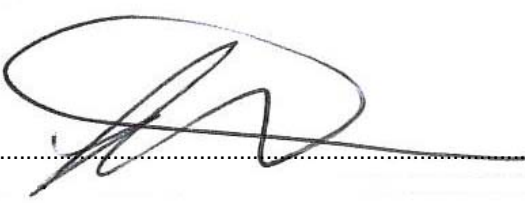
Non Core Property : The Club's non core property assets are defined as all other property assets held by the club.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Toukley, NSW

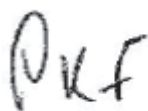
Dated 27/8/2018

Toukley RSL Sub Branch Club Limited
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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Toukley RSL Sub Branch 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.



PKF



CLAYTON HICKEY
PARTNER

27 AUGUST 2018
NEWCASTLE, NSW

Toukley RSL Sub Branch Club Limited

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018**

	Note	2018 \$	2017 \$
Revenue	2	14,082,839	12,930,664
Changes in inventories		4,637	4,790
Raw materials and consumables used	3	(2,085,933)	(2,015,314)
Employee benefits expense	3	(4,461,191)	(4,387,555)
Poker machine duty expense		(1,641,443)	(1,447,559)
Depreciation and amortisation expense	3	(1,019,905)	(974,165)
Insurance expense		(74,120)	(62,178)
Repairs and maintenance expense		(263,449)	(214,382)
Utilities expense		(309,486)	(290,410)
Security expense		(54,545)	(60,661)
Advertising expense		(98,923)	(125,125)
Cleaning expense		(161,039)	(157,435)
Member and administration expense		(512,895)	(439,155)
Promotional and entertainment expense		(1,299,294)	(1,204,647)
Other expenses		(734,686)	(694,533)
Finance costs	3	(101,492)	(125,272)
Profit before income tax		1,269,075	737,063
Income tax expense	4	(16,605)	(7,557)
Profit for the year		1,252,470	729,506
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,252,470	729,506

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,593,174	2,900,786
Trade and other receivables		20,092	39,997
Inventories		86,708	82,071
Other assets		76,979	84,994
TOTAL CURRENT ASSETS		<u>2,776,953</u>	<u>3,107,848</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,924,063	12,322,147
Intangible assets		16,200	16,200
Deferred tax assets	13	27,050	27,069
TOTAL NON-CURRENT ASSETS		<u>12,967,313</u>	<u>12,365,416</u>
TOTAL ASSETS		<u>15,744,266</u>	<u>15,473,264</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	937,386	743,945
Borrowings	8	586,365	702,487
Current tax liabilities		18,532	-
Employee benefits	9	463,214	471,291
TOTAL CURRENT LIABILITIES		<u>2,005,497</u>	<u>1,917,723</u>
NON-CURRENT LIABILITIES			
Borrowings	8	857,646	1,925,880
Employee benefits	9	72,057	71,119
Deferred tax liabilities	13	16,012	17,958
TOTAL NON-CURRENT LIABILITIES		<u>945,715</u>	<u>2,014,957</u>
TOTAL LIABILITIES		<u>2,951,212</u>	<u>3,932,680</u>
NET ASSETS		<u>12,793,054</u>	<u>11,540,584</u>
EQUITY			
Retained earnings		<u>12,793,054</u>	<u>11,540,584</u>
TOTAL EQUITY		<u>12,793,054</u>	<u>11,540,584</u>

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Changes in Equity For the Year Ended 30 June 2018

	Retained Earnings \$	Total \$
Opening balance at 1 July 2017	11,540,584	11,540,584
Profit for the year	1,252,470	1,252,470
Other comprehensive income	-	-
Balance at 30 June 2018	12,793,054	12,793,054
Opening balance at 1 July 2016	10,811,078	10,811,078
Profit for the year	729,506	729,506
Other comprehensive income	-	-
Balance at 30 June 2017	11,540,584	11,540,584

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	15,452,995	14,163,013
Payments to suppliers and employees	(12,988,261)	(12,247,750)
Interest received	1,572	3,223
Interest paid	(101,492)	(125,272)
Net cash provided by operating activities	<u>2,364,814</u>	<u>1,793,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(1,250,494)	(1,355,814)
Proceeds from disposal of plant and equipment	169,834	110,392
Net cash used by investing activities	<u>(1,080,660)</u>	<u>(1,245,422)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,591,766)	(724,902)
Proceeds from borrowings	-	1,825,025
Net cash used by financing activities	<u>(1,591,766)</u>	<u>1,100,123</u>
Net increase (decrease) in cash and cash equivalents held	(307,612)	1,647,915
Cash and cash equivalents at beginning of year	<u>2,900,786</u>	<u>1,252,871</u>
Cash and cash equivalents at end of financial year	5 <u>2,593,174</u>	<u>2,900,786</u>

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial statements are for Toukley RSL Sub Branch Club Limited as a not-for-profit individual entity.

The functional and presentation currency of Toukley RSL Sub Branch Club Limited is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are General Purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals 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.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Property, Plant and Equipment

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

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset. Capital items of plant and equipment are measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line or reducing balance basis over the asset's useful life to the Club 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. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Clubhouse Improvements	2.5%
Plant and Equipment	5 - 40%
Computer Software	25 - 33.33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(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 the equivalent to the date that the Club commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

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 estimated future 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 value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired.

(i) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

At the end of the reporting period the Club assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(e) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(f) Cash and 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 on the statement of financial position.

(g) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(g) Income Tax

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(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 that are transferred to the Club are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

(i) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

Gaming revenue

Gaming revenue is recognised in the statement of comprehensive income when the services are provided to members and other patrons of the Club.

Raffle income

Raffle income is recognised in the statement of comprehensive income when the services are provided to members and other patrons of the Club.

Interest revenue

Interest is recognised using the effective interest method.

(j) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(k) Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Estimation of useful lives

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

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

1 Summary of Significant Accounting Policies

(k) Critical accounting estimates and judgments

Long service leave provision

As discussed in Note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
2 Revenue and Other Income		
Operating revenue		
- Sale of goods - Bar services	2,092,618	2,030,125
- Sale of goods - Catering operations	2,423,969	2,207,120
- Sale of goods - Bottle shop	263,634	245,742
- Gaming revenue	7,904,466	7,169,216
- Other revenue	699,794	683,283
- Raffle income	563,035	489,403
- Interest received	1,572	3,223
Non-operating revenue		
- Profit from sale of non-current assets	133,751	102,552
	<u>14,082,839</u>	<u>12,930,664</u>
3 Result for the Year		
Cost of sales		
Cost of sales - Bar services	855,106	867,466
Cost of sales - Catering operations	828,203	774,688
Cost of sales - Bottle shop	212,655	198,539
Cost of sales - Other	185,332	169,831
Changes in inventories	4,637	4,790
	<u>2,085,933</u>	<u>2,015,314</u>
Finance costs - Interest paid	101,492	125,272
Depreciation and amortisation expense	1,019,905	974,165
Employee benefits expense	4,461,191	4,387,555
4 Income Tax Expense		
(a) The major components of tax expense (income) comprise:		
Current tax expense/(benefit)		
Current tax	47,481	-
Deferred tax	(30,876)	(7,557)
	<u>16,605</u>	<u>(7,557)</u>
(b) Reconciliation of income tax to accounting profit:		
Prima facie tax payable on profit before income tax at 27.5% (2017: 30%)	348,996	221,119
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(301,515)	(211,982)
- tax effect of temporary differences	(1,927)	(7,557)
- revenue losses for the year brought to account	(28,949)	(9,137)
Income tax expense	<u>16,605</u>	<u>(7,557)</u>

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
5 Cash and cash equivalents		
Cash on hand	430,565	400,451
Cash at bank	2,108,720	2,452,299
Other cash and cash equivalents	53,889	48,036
	<u>2,593,174</u>	<u>2,900,786</u>
6 Property, plant and equipment		
LAND AND BUILDINGS		
Freehold land, at cost	<u>3,720,446</u>	3,382,446
Clubhouse improvements, at cost	7,633,202	7,403,727
Less; accumulated amortisation	<u>(1,333,148)</u>	<u>(1,081,957)</u>
	<u>6,300,054</u>	6,321,770
Buildings		
At cost	<u>265,688</u>	-
PLANT AND EQUIPMENT		
Capital works in progress, at cost	<u>96,901</u>	6,400
Plant and equipment, at cost	8,795,187	8,524,699
Less; accumulated depreciation	<u>(6,254,213)</u>	<u>(5,913,168)</u>
	<u>2,540,974</u>	2,611,531
Computer software, at cost	25,380	25,380
Less; accumulated depreciation	<u>(25,380)</u>	<u>(25,380)</u>
	-	-
Total property, plant and equipment	<u>12,924,063</u>	<u>12,322,147</u>

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements

For the Year Ended 30 June 2018

2018 2017
\$ \$

6 Property, plant and equipment

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Clubhouse Improvement	Total
	\$	\$	\$	\$	\$	\$
Opening balance	6,400	3,382,446	-	2,611,531	6,321,770	12,322,147
Additions	90,501	338,000	265,688	707,740	255,975	1,657,904
Disposals	-	-	-	(20,597)	(15,486)	(36,083)
Transfers	-	-	-	-	-	-
Depreciation expense	-	-	-	(757,700)	(262,205)	(1,019,905)
Closing balance	96,901	3,720,446	265,688	2,540,974	6,300,054	12,924,063

7 Trade and other payables

CURRENT

Trade payables	595,258	430,182
Sundry payables and accrued expenses	342,128	313,763
	937,386	743,945

8 Borrowings

CURRENT

Lease liability secured	10(a) 382,365	498,487
Bank loans	204,000	204,000
	586,365	702,487

NON-CURRENT

Lease liability secured	10(a) 305,196	360,430
Bank loans	552,450	1,565,450
	857,646	1,925,880

Security

Leased liabilities are secured by the underlying leased assets.

The bank loan is secured by a registered mortgage over the Club's property at 35 - 47 Holmes Avenue Toukley.

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
9 Employee Benefits		
CURRENT		
Short term employee benefits	303,594	318,478
Long term employee benefits	159,620	152,813
	<u>463,214</u>	<u>471,291</u>
NON-CURRENT		
Long term employee benefits	<u>72,057</u>	<u>71,119</u>
10 Capital and Leasing Commitments		
(a) Finance lease commitments		
Payable - minimum lease payments:		
- no later than 1 year	393,944	532,442
- between 1 year and 5 years	329,107	370,043
Minimum lease payments	<u>723,051</u>	<u>902,485</u>
Less: finance changes	(35,490)	(43,568)
Present value of minimum lease payments	<u>687,561</u>	<u>858,917</u>

Finance leases are in place for property, plant and equipment and normally have a term between 3 and 4 years. No debt covenants or other such agreements are in place.

(b) Operating leases

There are no operating lease commitments existing at balance date.

11 Financial Risk Management

The main risks the Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

Financial instruments are disclosed on the face of the statement of financial position.

Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants. There is no material variance between the fair value and book value calculations.

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
12 Members' Guarantee		
<p>The Club is incorporated under the <i>Corporations Act 2001</i> and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 each towards meeting any outstandings and obligations of the Club. At 30 June 2018 the number of members was 17,940 (2017: 16,133).</p>		
13 Tax		
ASSETS		
Deferred tax assets	27,050	27,069
LIABILITIES		
Deferred tax liabilities	16,012	17,958
(a) Deferred tax assets not brought to account		
- Capital losses at 27.5% (2017: 30%) - realised	36,762	36,762
- Tax losses at 27.5% (2017: 30%)	-	31,581
	<u>36,762</u>	<u>68,343</u>
14 Key Management Personnel Disclosures		
<p>The total remuneration paid to key management personnel of the Club is \$ 257,420 (2017: \$ 228,212).</p>		
15 Related Parties		
<p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.</p>		
16 Cash Flow Information		
(a) Non-cash financing and investing activities		
Acquisition of assets by means of finance leases	407,410	421,663
17 Events Occurring After the Reporting Date		

The financial report was authorised for issue on 27 August 2018 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

Toukley RSL Sub Branch Club Limited


ABN: 61 000 990 269

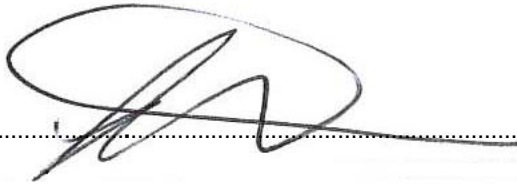
Directors' Declaration

The directors of the Club declare that:

- 1. The financial statements and notes, as set out on pages 7 to 21, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Club.
- 2. In the directors' opinion, 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.

Director 

Director 

Dated 27/8/2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOUKLEY RSL SUB BRANCH CLUB LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Toukley RSL Sub Branch Club Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 Company is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

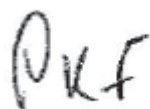
Auditor's Responsibilities for the Audit of the Financial Report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PKF



CLAYTON HICKEY
PARTNER

28 AUGUST 2018
NEWCASTLE, NSW