

MERIMBULA RSL CLUB

2016-2017 ANNUAL REPORT



MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ANNUAL GENERAL MEETING

To be held in the Merimbula RSL Club on Wednesday, 25th October, 2017, at 7.15pm.

MEETING AGENDA:

1. Apologies.
2. Confirmation of Minutes for Annual General Meeting held on 26th October, 2016.
3. To receive and consider the Financial Statement of the Company for the year ended 30th June, 2017 and the Reports by Directors and Auditors thereon.
4. First Ordinary Resolution: President's Honorarium.
5. Second Ordinary Resolution: Director's Honorarium.
6. Third Ordinary Resolution: Expenditure on Directors' food, beverages and other expenses.
7. Fourth Ordinary Resolution: Expenditure on Directors' educational and seminar expenses.
8. Fifth Ordinary Resolution: Merimbula RSL Sub Branch' Memorandum of Understanding.
Note: The Ordinary Resolutions 1 to 5 are printed on page 2 of this Notice and Notes on the Ordinary Resolutions are printed on page 3 of this Notice.
9. **General Business:** Notice of which was supplied to the Secretary Manager in writing prior to this meeting.
10. Election of Directors.

By order of the Board,

M. MUTSCH
Secretary Manager

28th August, 2017

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ORDINARY RESOLUTIONS

NOTICE is hereby given that at the Annual General Meeting of the MERIMBULA RSL CLUB LIMITED to be held on Wednesday, 25th October, 2017, commencing at 7.15pm, on the Club premises at 52-54 Main Street, Merimbula, New South Wales, the Members will be asked to consider, and if thought fit, pass the following resolutions.

FIRST ORDINARY RESOLUTION:

Item 4 of the Agenda: President's Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$8,427 be paid to the President as an Honorarium for the 2017/18 Financial Year."

SECOND ORDINARY RESOLUTION:

Item 5 of the Agenda: Directors' Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$3,018 to each of the two (2) Vice-Presidents and \$2,077 to each of the four (4) other Directors as a Directors' Honorarium for the 2017/18 Financial Year."

THIRD ORDINARY RESOLUTION:

Item 6 of the Agenda: Directors' Food, Beverages and Other Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club until the next Annual General Meeting of the Club for the following activities of Directors:
- (i) The reasonable cost of a meal and beverage for each Director immediately before or immediately after a Board or Committee Meeting where the Meeting corresponds with a normal meal time.
 - (ii) Reasonable expenses incurred by Directors in relation to such duties including the entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses there from are approved by the Board before payment is made on production of receipts, invoices or other documentary evidence of such expenditure.
 - (iii) Reasonable expenditure on food and beverages for Directors and their spouses on one dinner per year and other functions where appropriate and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only for those who are Directors of the Club."

FOURTH ORDINARY RESOLUTION:

Item 7 of the Agenda: Directors' Educational and Seminar Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club for the professional development and education of Directors until the next Annual General Meeting of the Club and being:
- (i) The reasonable cost of Directors attending the Clubs NSW Annual General Meeting.
 - (ii) The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time.
 - (iii) The reasonable cost of Directors attending other Registered Clubs or similar types of businesses for the purpose of observing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
 - (iv) Attendance at functions with spouses where appropriate, and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only to those who are Directors of the Club and those Members directly involved in the above activities."

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ORDINARY RESOLUTIONS *(continued)*

FIFTH ORDINARY RESOLUTION:

Item 8 of the Agenda: Merimbula RSL Sub Branch Memorandum of Understanding:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to adopt the Memorandum of Understanding between the Club Ltd and the Merimbula RSL Sub Branch."

NOTES TO MEMBERS ON ORDINARY RESOLUTIONS

These notes are to be read in conjunction with the proposed Resolutions.

1. Item 4: President's Honorarium

The purpose of the first resolution is to seek Members approval in a General Meeting, an Honorarium to the President of no more than \$8,427 for the 2017/18 Financial Year.

The existing President Honorarium has been approved at a previous General Meeting and increases by CPI each year.

2. Item 5: Directors' Honorarium

The purpose of the second resolution is to seek Members approval in a General Meeting, the recommended amount of \$3,018 for the two (2) Vice Presidents and \$2,077 for the four (4) Directors pursuant to point (8.6) of the Club's Constitution and 10 (6) (b) of the registered Clubs Act.

The existing Directors' Honorariums have been approved at a previous General Meeting and increases by CPI each year.

3. Item 6: Directors' Food, Beverages and Other Expenses

The third resolution is to have Members in a General Meeting approve reasonable expenditure by the Club in relation to duties performed by the Club's Directors.

4. Item 7: Directors' Educational and Seminar Expenses

The fourth resolution is to have Members in a General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including the Clubs NSW Annual General Meeting and to visit other clubs to enable the Club's governing body to keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

5. Item 8: Merimbula RSL Sub Branch Memorandum of Understanding

The fifth resolution is to have the Members in General Meeting approve the continuation of the Memorandum of Understanding between the Club Ltd and the Merimbula RSL Sub Branch.

6. Each of the resolutions must be passed as a whole and cannot be amended from motions from the floor of the meeting or divided into two or more separate resolutions.

7. To be passed, each Ordinary Resolution must receive votes in its favour from not less than a simple majority of those Members, who being entitled to do so, vote in person at the meeting.

By order of the Board,

M. MUTSCH

Secretary Manager

28th August, 2017

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

PRESIDENT'S REPORT

Members,

On behalf of the Board of Directors, I have much pleasure in presenting the Financial Report of the Club for the Financial Year 2016/17.

The operating surplus of \$505,693 before Income Tax was an outstanding result for the year with solid growth in all areas of trading. Management have maintained strong control of expenditure during the year and with solid income being achieved, our EBITDA performance indicator has shown positive growth.

The financial position remains strong even with the expenditure of the current refurbishment project and indications at this stage show that the club will complete the works and still be in a positive position with cash funds at the end of the 2017/18 financial year.

To our Secretary Manager, his management team and all the staff, thank you for your hard work and commitment during the year to the success of the Club.

Earlier this year the Board was pleased to promote our Office Supervisor Mrs Emma Irvin to the position of Assistant Secretary Manager. Congratulation Emma.

To my fellow Directors, I personally thank them for their support and commitment during the year. The result for the year reflects the hard work the Directors have put in and the positive decisions they have made on behalf of the Members. On a sad note and after seven years, Mr John Crawford had to resign his position on the Board due to ill health. John served on the finance and house committees and his counsel and sound thinking will be missed.

The Club has continued to support the RSL Sub-Branch as it has done in the past.

To the members who have lost loved ones during the year, my condolences.

GRAEME WILLIAMS

President

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

SECRETARY MANAGER'S REPORT

It gives me great pleasure to be able to present to you my Secretary Manager's report for the 2016/17 Financial Year which proved to be a year of solid trade with the Clubs refurbishment starting in early May.

From a financial perspective it has been a very positive year for the Club. We have achieved a net profit of \$505,693 (before income tax expense) compared to a profit of \$410,958 in the 2015/16 Financial Year. Revenue from ordinary activities increased by \$106,311 or 9.51%. Overall the Club had a very solid year with regards to its trade.

- Gaming machine revenue decreased by \$27,364 or -0.51%.
- Bar and Bottleshop revenue increased by \$49,646 or 2.46% with a combined gross profit of 58.20% compared to 56.93% last year.
- Catering revenue increased by \$115,307 or 3.60%. The gross margin for the year was 57.66% compared to 56.20% last year.
- Cost of Goods sold was pleasing decreasing by \$1,990 and other expenditure was well contained only increasing by \$2,811 on the same period last year.

Of particular note a comparison of the last four years has seen the Clubs EBITDA % continue to improve.

EBITDA COMPARATIVE FIGURES

	2017	2016	2015	2014
Trading Profit	505,693	410,958	191,763	49,647
Add:				
Depreciation	801,221	806,029	751,174	743,122
Interest expense	0	0	998	2,677
Minus:				
Interest Earned	(61,682)	(56,267)	(65,249)	(53,023)
	1,245,232	1,160,720	878,686	742,423
EBITDA %	11.20%	10.65%	8.64%	7.45%

In May 2017 your Club embarked on its long awaited refurbishment. At the time of writing this report the builders had moved into our dining room area which will be reopened in the first week of September. At this stage, the works are planned to finish in late October early November and like all the Members that came to the information meetings and seen the presentation cannot wait to see the finished result – it will be worth it!!.

To the Clubs Managers, Department Heads and Supervisors that perform their duties to maintain our friendly staff approach and who, at times, do not receive the accolades they deserve, a grateful Thank You. To all staff behind the scenes and in front of house, we all appreciate your contribution immensely and please be assured that it is not taken for granted. It would also be remiss of me not to congratulate Emma Irvin for taking on the Assistant Secretary Managers role and say thank you to the staff that have elected to retire during the year, Well done.

My sincere appreciation goes to President Graeme Williams and the Board of Directors who have been extremely busy and have committed 100% of their efforts and focus to ensure they make decisions or recommend strategies which are in the best interest of all members. Balancing family responsibilities, being committed members and company directors comes with its challenges however as a united Board they have not only delivered a very sound financial result but more importantly remained true to their charter of setting policy and strategy for the future of your Club.

Everyone that I have thanked above are important for the success of the Club, however the most important requirement to any successful club is the continued patronage of its Members. With that in mind, I would like to thank all our Members for their continued support and usage of the Club's facilities and to Members that have had the misfortune of losing a loved one in the past twelve months, my sincere condolences to you.

MICHAEL MUTSCH
Secretary Manager

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30th June, 2017.

Directors:

Names of Directors in office at any time during or since the end of the year are: Mr Allan F. Browning, Mr Philip J. Cheek, Mr David J. Crawford (resigned 6/7/17), Mr John F. Finn, Mr Alan J. Johnson, Mr David J. Rankin, Mr Graeme N. Williams.

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

Company Secretary:

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

Mr Michael Mutsch – Diploma in Club Management, Justice of the Peace. Mr Mutsch has worked for the Merimbula RSL Club for the past (21) twenty one years in a Management role. Mr Mutsch was appointed Company Secretary on 4th September, 1998.

Principal Activities:

The principal activities of the Company in the course of the year were that of a Registered Club. There were no significant changes in the nature of the company's activities during the year.

Short Term Objectives:

The short term objectives remain constant with the emphasis on revenue of gaming, beverage sales, provision of meals and entertainment to members and their guests. The Medium term strategies are centred on the identification of threats to our Club and industry which is monitored through our most recent "Risk Analysis and Strategic Plan."

Long Term Objectives:

In the long term, the Company's primary objective is to investigate and implement successful alternate revenue streams that complement the Club's core business whilst still maintaining the principle activities of the company.

The Company adopts current registered club industry practices and strategies to ensure that the short and long term objectives are met.

Measurement of Performance:

The Company assesses its performance in terms of its achievement of strategic and financial objectives with reference to:

- the quality of the service and facilities provided to members;
- the ability to generate strong cash flows from its operating activities;
- the trading and overall financial result; and
- the stability of the statement of financial position with respect to the Company's liquidity.

Result:

The net operating profit after providing for income tax expense amounted to \$497,419 made up as follows:

Net Operating Profit before Income Tax expense	\$505,693
Less: Income Tax Expense	(\$8,274)
Net Operating Profit	<u>\$497,419</u>

Members' Details and Guarantee:

The number of registered members of the Club as at the 30th June, 2017 is 7,594 (last year 7,498) consisting of 164 Service Members, 7,428 Club Members and 2 Honorary Life Members.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' REPORT *(continued)*

As a Company Limited by guarantee, every member of the Company has undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

Additional Information on Directors:

Mr Allan F. Browning: Garden Centre owner, member of House Committee, Service Board member since 30/8/10, no other Directorships held.

Mr Philip J. Cheek: Retired, member of the Finance and Catering Committees, Service Board Member since 24/10/12, no other Directorships held.

Mr David J. Crawford: Retired, member of the Finance and House Committees, Club Board Member since 27/10/10, no other Directorships held. (Resigned 6/7/17).

Mr John F. Finn: Retired, member of Finance and Catering Committees, Service Board member since 29/10/08, no other Directorships held.

Mr Alan J. Johnson: Retired, member of the House and Catering Committees, Club Board Member since 25/3/93, no other Directorships held.

Mr David J. Rankin: Retired, member of the House Committee, Club Board Member since 28/7/14, no other Directorships held.

Mr Graeme N. Williams: CPA, Retired, President and member of the Finance Committee, Service Board Member since 27/10/99, no other Directorships held.

Each Director is a financial Member of the Merimbula RSL Club Limited.

Meetings of Directors:

During the financial year 36 meetings of Directors (including committees) were held. Attendances were:

	Directors' Meetings:		Committee Meetings:	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allan F. Browning	15	15	3	3
Philip J. Cheek	15	13	18	17
David J. Crawford	15	15	15	13
John F. Finn	15	15	17	16
Alan J. Johnson	15	12	6	6
David J. Rankin	15	15	3	2
Graeme N. Williams	15	15	15	15

Directors' Benefits:

No Director has received, or become entitled to receive, during or since the end of the Financial year, a benefit because of a contract made by the company controlled entity or a related body corporate with a Director, a firm of which a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company accounts with the exception of Mr David Rankin who received benefits for the provision of Accounting Services.

Auditor's Independence Declaration:

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act, 2001, is set out in the following page of the financial report.

This report is made in accordance with a resolution of the directors on 28th August, 2017.

G.N. WILLIAMS, Director

J.F. FINN, Director

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The Financial Statements and Notes for the year ended 30th June, 2017 are in accordance with the Corporations Act 2001.
 - (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) Give a true and fair view of the financial position of the Company as at 30th June, 2017 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

G.N. WILLIAMS, Director
J.F. FINN, Director

*Dated at Merimbula,
28th August, 2017*

BOARD OF DIRECTORS 2016/17



Back from left: Dave Rankin, Michael Mutsch (Secretary Manager), John Finn (Vice-President) and Alan Johnson; front from left: Phil Cheek (Vice-President), Graeme Williams (President) and John Crawford; inset: Allan Browning

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001 to the Directors of Merimbula RSL Club Limited. I declare that, to the best of my knowledge and belief, during the year ended 30th June, 2017, there have been:

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

RICHARD C PARBERY FCPA

Registered Company Auditor (1864)

28th August, 2017

101 Main Street, Merimbula, NSW 2548



304,515
Visits to our Club



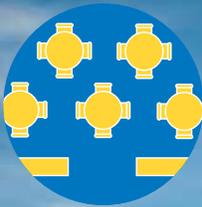
3
Bars



1
Restaurant



1
Coffee shop



4
Function
Rooms

MERIMBULA
RSL CLUB

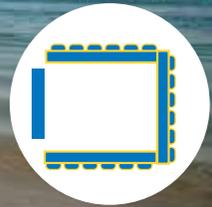
2016-2017
CLUB
SNAPSHOT



66
Community
Groups
Supported



94
Staff



427
Free Room
Hires given



7594
Members



1
Courtesy Bus



1,648
Facebook
Followers



No.5
Restaurant
on Trip Advisor

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME***For the year ended 30th June, 2017*

2016 \$		Note	2017 \$
11,015,161	Revenue from Ordinary Activities	1(c)	11,106,242
(2,273,189)	Cost of Sales		(2,272,200)
(4,184,859)	Employees Expenses		(4,284,523)
(17,993)	Financial Expenses		(23,574)
(13,721)	Members' Amenities		(15,497)
(65,420)	Property Expenses		(76,350)
(806,029)	Depreciation		(801,221)
(998,664)	Poker Machine Tax		(988,065)
(560,002)	Promotions		(490,424)
(189,182)	Electricity and Gas		(246,673)
(69,965)	General Insurance		(75,294)
(52,032)	Printing, Postage and Stationery		(41,736)
(290,250)	Repairs and Maintenance		(269,788)
(162,868)	TAB Expense		(158,578)
(920,029)	Other Expenses		(856,626)
410,958	Operating Profit Before Income Tax	2	505,693
4,799	Income Tax Attributable to Operating Profit	4	(8,274)
415,757	Profit for the Year		497,419
0	Other Comprehensive Income		0
415,757	Profit Attributable to Members of the Company		497,419

The accompanying Notes form part of the above Statement

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

STATEMENT OF FINANCIAL POSITION*As at 30th June, 2017*

2016 \$		Note	2017 \$
	Current Assets:		
3,136,920	Cash	6	3,111,394
1,592	Receivables	7	8,723
48,575	Deferred Tax	4A	40,301
155,576	Inventories	8	164,948
103,420	Other	9	55,505
3,446,083	Total Current Assets		3,380,871
	Non Current Assets:		
9,935,628	Property, Plant and Equipment	10	10,732,940
9,935,628	Total Non Current Assets		10,732,940
13,381,711	Total Assets		14,113,811
	Current Liabilities:		
315,975	Payables	11	611,890
672,048	Provisions	12 & 12a	659,312
29,169	Income in Advance	13	28,464
313,162	Current Tax Liabilities	14	252,004
1,330,354	Total Current Liabilities		1,551,670
	Non Current Liabilities:		
42,705	Provisions	12	41,643
34,590	Income in Advance	13	49,017
77,295	Total Non Current Liabilities		90,660
1,407,649	Total Liabilities		1,642,330
11,974,062	Net Assets		12,471,481
	Members' Funds:		
336,242	Reserves	17	336,242
11,637,820	Retained Profits		12,135,239
11,974,062	Total Members' Funds		12,471,481

The accompanying Notes form part of the above Statement of Financial Position

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2017

2016 \$		2017 \$
11,558,305	Total Equity at the beginning of the Financial Year	11,974,062
415,757	Operating surplus attributable to the Members of the Company	497,419
11,974,062	Total Equity at the end of the Financial Year	12,471,481

STATEMENT OF CASH FLOWS

For the year ended 30th June, 2017

2016 \$		Note	2017 \$
	Cash Flow from Operating Activities:		
10,778,368	Receipts from Customers		10,902,944
(9,749,876)	Payments to Suppliers and Employees		(9,796,157)
36,920	Members' Subscriptions		44,880
52,894	Interest Received		72,950
1,118,306	Net Cash provided by Operating Activities	5	1,224,617
	Cash Flow from Investing Activities:		
(744,498)	Payment for Property, Plant and Equipment		(374,789)
0	Payment for Property Club Renovations		(875,354)
(744,498)	Net Cash used in Investing Activities		(1,250,143)
	Cash Flow from Financing Activities:		
0	Repayments of Borrowings		0
0	Net Cash used in Financing Activities		0
373,808	Net (Decrease)/Increase in Cash held		(25,526)
2,763,112	Cash at Beginning of Financial Year		3,136,920
3,136,920	Cash at End of Financial Year	6	3,111,394

The accompanying Notes form part of the above Cash Flow Statement

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation:

The Merimbula RSL Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set in AASB 1053: Application of Tiers of Australian Accounting Standards.

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 (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB 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 these 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 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 28th August, 2017 by the directors of the company.

Accounting Policies:

(a) **Inventories:** Inventories are measured at the lower of cost and net realisable value.

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

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

1. **Property:**

Freehold land and buildings are shown at cost less subsequent depreciation for buildings. It is the policy of the economic entity to have an independent valuation every three years, by external independent valuer, with annual appraisals being made by Directors – refer Note 10.

2. **Plant and Equipment:**

Plant and Equipment are measured on the cost basis and are therefore carried at cost, less where applicable, accumulated depreciation and any accumulated impairment.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present – refer Note 1(m).

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

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting Policies: *(continued)*

3. Depreciation:

The depreciable amount of all fixed assets including building and capitalised lease assets but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is available 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:-

Class of Fixed Asset:	Depreciation Rate:
Buildings	2.5% to 5%
Plant and Equipment	10% to 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes, returns, trade allowances, rebates and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. Revenue is recognised for the major business activities as follows:

Sale of Goods:

Revenue is taken to account when the control of the goods has passed to the buyer.

Interest:

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental Income:

Revenue is taken to account in the period to which the rent relates.

Subscriptions:

Subscriptions for annual membership are recognised in revenue over the membership year.

All Revenue is stated net of the amount of Goods and Services Tax.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating Revenue:

2016 \$		2017 \$
	Operating Revenue:	
5,340,571	Poker Machine Takings	5,313,207
3,207,241	Catering	3,322,547
2,020,972	Bar and Bottleshop	2,070,618
37,583	Members' Subscriptions	31,158
103,227	Keno	115,245
1,037	Vending Commission	1,174
81,195	Other Income	80,360
55,348	TAB Commission	48,592
10,847,174	Total Operating Revenue	10,982,901
	Non Operating Revenue:	
7,304	Rent Received	7,304
56,267	Interest	61,682
104,416	Sale of Assets	54,355
167,987	Total Non Operating Revenue	123,341
11,015,161	TOTAL REVENUE FROM ORDINARY ACTIVITIES	11,106,242

(d) Employee Provisions:

Short-term employee provisions:

Provision is made for the company's obligation for short-term employee benefits. Short-term employees benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee render the related service, including wages, salaries and sick leave. Short-term employees benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions:

Provision is made for employees long service leave and annual leave entitlements 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. Other long-term employee benefits are measured at the present value of the expected future payment 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 as a part of employee benefits expense.

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

Provisions:

Provisions are recognised when the Company 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) **Income Tax:**

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

Current income tax expense charged to 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 as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset 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) a legally enforceable right of offsets exists; and (b) 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.

(f) **Cash and Cash Equivalents:**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(g) **Trade Receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

MERIMBULA RSL CLUB LIMITED

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) **Trade and other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) **Members' Subscriptions in Advance:**

Subscriptions received in advance for the financial year have been carried forward as a current or non-current liability.

(j) **Comparative Figures:**

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

(k) **Goods and Services Tax (GST):**

Revenue, 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flows.

(l) **Critical Accounting Estimates and Judgement:**

The directors evaluate estimates and judgements incorporated into the financial reports 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.

Financial Instruments:

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

Classification and subsequent measurement:

Financial instruments are subsequently measured at 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

MERIMBULA RSL CLUB LIMITED

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 payment 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.

Financial Liabilities:

Non-derivative financial liabilities are subsequently measured at amortised cost.

(m) Impairment of Assets:

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other Comprehensive Income. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) Retirement Benefit Obligations:

Defined contribution superannuation benefits:

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employees average ordinary salary) to the employees superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION

2016 \$	(a) Profit from ordinary activities before Income Tax expense:	2017 \$
2,768,115	Poker Machines	2,800,644
433,485	Bar and Bottle Shop	484,029
(22,307)	Catering and Coffee Shop	36,019
446,377	Other Income	399,871
3,625,670		3,720,563
	(b) Operating Profit has been determined after charging as expenses:	
1,671,236	Indirect Labour and Overheads	1,701,869
17,993	Financial Expenses	23,574
13,721	Members' Amenities	15,498
233,595	Property Expenses	220,262
406,400	Depreciation	398,587
871,767	Administration Expenses	855,080
3,214,712		3,214,870
410,958	Profit from ordinary activities before Income Tax Expense	505,693
	(c) Trading Profit from Poker Machines has been determined after:	
5,340,571	Crediting as Income	5,313,207
	Charging as Expenses:	
62,221	CMS Costs	64,360
998,664	Poker Machine Tax	988,065
390,309	Direct Labour	401,427
15,350	Payroll Tax	15,580
6,649	Workers' Compensation	8,078
31,822	Superannuation	32,211
59,500	Electricity	58,200
76,866	Repairs and Maintenance	76,118
560,002	Promotions	490,424
371,073	Depreciation	378,100
2,572,456		2,512,563
2,768,115		2,800,644
	Trading Profit from Bar and Bottle Shop has been determined after:	
2,020,972	Crediting as Income	2,070,618
	Charging as Expenses:	
868,489	Cost of Goods Sold	865,493
524,872	Direct Labour	523,757
22,295	Payroll Tax	22,523
7,969	Workers' Compensation	9,365
46,197	Superannuation	46,605
43,600	Electricity	45,500
23,944	Discounts and Promotions	26,213
31,144	Bar Requirements	29,554
2,300	Bar Laundry	2,580
2,966	Freight Inwards	2,332
13,711	Staff Uniforms	12,667
1,587,487		1,586,589
433,485		484,029

MERIMBULA RSL CLUB LIMITED

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NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2016 \$	Trading Profit from Catering and Coffee Shop has been determined after:	2017 \$
3,176,453	Crediting as Income	3,322,547
30,788	Subsidies	0
3,207,241		3,322,547
	Charging as Expenses:	
1,404,700	Cost of Goods Sold	1,406,706
1,393,382	Direct Labour	1,447,425
26,418	Cleaning	20,800
79,504	Electricity and Gas	74,305
3,294	Freight inwards	3,776
4,626	General	3,542
2,311	Laundry	1,077
21,510	Discounts and Promotions	21,303
63,837	Payroll Tax	66,148
0	Printing and Stationary	1,269
45,209	Replacements	49,757
132,226	Superannuation	136,522
22,535	Workers' Compensation	27,803
1,440	Telephone	1,560
28,556	Depreciation	24,535
3,229,548		3,286,528
(22,307)		36,019
	Other Income:	
37,583	Members' Subscriptions	31,158
7,304	Rent Received	7,304
56,267	Interest Received	61,682
103,227	Keno Commission	115,245
55,348	TAB Commission	48,592
82,232	Other Income	81,535
104,416	Profit on Sale of Fixed Asset	54,355
446,377		399,871

MERIMBULA RSL CLUB LIMITED

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NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2016 \$	(d) Indirect Labour and Overheads:	2017 \$
596,759	Administration Wages	594,846
237,156	Door Wages	243,495
56,834	Security Wages	54,316
187,354	Cleaning/Maintenance Wages	188,622
125,415	Childminding Wages	126,678
66,599	Courtesy Bus Wages	67,383
74,288	Payroll Tax	77,893
25,991	Workers' Compensation	32,152
87,728	Staff and Directors' Training	95,729
56,092	Staff Meals	59,060
157,020	Superannuation	161,695
1,671,236		1,701,869
	Financial Expenses:	
17,993	Bank Charges	23,574
17,993		23,574
	Members' Amenities:	
1,633	ANZAC Day Expenses	1,100
1,803	Members' Cards	3,989
2,910	Members' Reports	3,285
7,375	Members' Nights	7,124
13,721		15,498
	Property Expenses:	
168,175	General Maintenance and Repairs	143,912
65,420	Rates – Bega Valley Shire	76,350
233,595		220,262
	Depreciation:	
277,962	Freehold Buildings and Carpark	277,775
128,438	Plant and Equipment	120,812
406,400		398,587
	Administration Expenses:	
2,936	Accountancy	2,936
76,776	Advertising	72,464
40,500	Audit	40,500
34,821	General Cleaning	31,417
21,066	Consulting	18,358
(666)	Courtesy Bus	1,769
6,141	Directors' Expenses	9,179
251	Discounts and Promotions	474
82,321	Donations	77,770
66,078	Electricity and Gas	68,668
4,268	Float Variances	1,843
2,008	Freight Inwards	1,917
2,940	Fringe Benefits Tax	2,840

MERIMBULA RSL CLUB LIMITED

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NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2016 \$	Adminstration Expenses (continued):	2017 \$
42,933	General Expenses	22,878
69,965	General Insurance	75,300
1,682	Legal Expenses	4,845
33,429	Licences and Permits	36,904
32,498	Printing and Stationery	30,760
19,534	Postage	9,707
22,126	President's and Directors' Allowance	22,346
42,710	Security	44,459
64,805	Sky Channel/Foxtel	72,243
162,868	TAB Expenses	158,579
9,623	Telephones	8,539
30,154	Waste Removal	38,385
871,767		855,080

NOTE 3: AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor for:

40,500	Audit	40,500
2,936	Other Services	2,955
43,436		43,455

NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprises:

0	Current Tax	0
4,799	Deferred Tax	8,274
4,799		8,274

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

Prima facie tax payable on profit from ordinary activities, after adjusting for the non-taxable components attributed to members, before income tax at 30% (2016: 30%).

410,958	Operating Profit before Tax	505,693
(37,583)	Less: Members' Subscriptions	(31,158)
(171,710)	Direct Members' Income	(152,075)
(353,445)	Non Apportionable Items	(320,121)
(151,780)		2,339
1,364,896	Add: Non Allowable, Non Apportionable and Part Apportionable Expenses	1,218,179
1,213,116		1,220,518
678,132	Portion attributable Non Members	654,198
248,943	Add: Non Apportionable Items	264,448
927,075		918,646
(844,211)	Less: Non Apportionable and Part Apportionable Expense	(806,677)
(415,522)	Tax Loss Prior Years	(332,658)
(332,658)	Tax Loss Carried Forward	(220,689)

MERIMBULA RSL CLUB LIMITED

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NOTE 4A: DEFERRED TAX ASSET

2016 \$	The amount and nature of the deferred tax asset for the financial year ended 30th June, 2017, is:	2017 \$
<u>Deferred tax assets and liabilities for each type of temporary difference</u>		
Deferred Tax Assets:		
379,498	Provision for Annual Leave and Sick Leave	387,129
331,066	Provision for Long Service Leave	305,758
23,461	Audit Accrual and Wage Accrual	66,425
734,025		759,312
(323,705)	Adjustment for Member Component	(352,321)
410,320		406,991
Deferred Tax Liabilities:		
444,372	Property, Plant and Equipment	508,682
444,372		508,682
(195,968)	Adjustment for Member Component	(236,029)
248,404		272,653
<u>Deferred tax amounts recognised in income tax expense</u>		
Deferred Tax Assets:		
113,849	Provision for Annual Leave and Sick Leave	116,139
99,320	Provision for Long Service Leave	91,727
7,038	Audit Accrual and Wage Accrual	19,928
220,207		227,794
(97,111)	Adjustment for Member Component	(105,697)
123,096		122,097
Deferred Tax Liabilities:		
133,312	Property, Plant and Equipment	152,605
133,312		152,605
(58,791)	Adjustment for Member Component	(70,809)
74,521		81,796
48,575	Net Deferred Tax Asset	40,301

MERIMBULA RSL CLUB LIMITED

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NOTE 5: CASH FLOW INFORMATION

2016 \$		2017 \$
	1. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax:	
415,757	Profit from Ordinary Activities after Income Tax	497,419
	Non-Cash Flows in Operating Profit:	
806,028	Depreciation	801,221
(104,416)	(Profit)/Loss on Sale of Asset	(54,355)
	Changes in Assets and Liabilities:	
8,266	(Increase)/Decrease in Debtors	(7,132)
(16,025)	(Increase)/Decrease in Other Assets	56,189
(28,983)	(Increase)/Decrease in Inventories	(9,373)
(24,576)	Increase/(Decrease) in Creditors, Accruals and Tax Liabilities	(48,110)
57,323	Increase/(Decrease) in Provisions	(20,704)
4,932	Increase/(Decrease) in Advance Subscriptions	9,462
1,118,306		1,224,617

At the date of this report all the mortgages have been discharged and the Club is unencumbered.

NOTE 6: CASH

120,000	Cash on Hand	120,000
280,325	Cash at Bank – Current Account	216,668
16,079	– TAB Account	21,723
10,605	– Keno Account	20,188
704,911	– 'At Call' Cash Deposit Account	760,322
2,005,000	– Term Deposit	1,972,493
3,136,920		3,111,394

Reconciliation of Cash:

Cash at the end of the Financial Year as shown in the Statement of Cash Flows is reconciled to items in the **Statement of Financial Position** as follows:

3,136,920	Cash	3,111,394
3,136,920		3,111,394

NOTE 7: RECEIVABLES

1,592	Trade Debtors	8,723
1,592		8,723

NOTE 8: INVENTORIES

94,655	Trading Stock – Bar	86,472
53,263	– Dining Room	71,224
7,658	Staff Uniforms	7,252
155,576		164,948

MERIMBULA RSL CLUB LIMITED

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NOTE 9: OTHER

2016 \$		2017 \$
103,420	Prepayments	55,505
103,420		55,505

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

11,007,260	Freehold Land and Improvements at cost 52-54 Main Street, Merimbula	10,987,062
(4,225,417)	Less: Depreciation	(4,486,989)
6,781,843		6,500,073
1,534,849	Freehold Carpark	1,534,849
(57,880)	Less: Depreciation	(74,033)
1,476,969		1,460,816
64,402	Motor Vehicle at cost	64,402
(13,230)	Less: Depreciation	(26,460)
51,172		37,942
6,559,375	Plant and Equipment at cost	6,803,394
(4,933,731)	Less: Depreciation	(5,264,432)
1,625,644		1,538,962
0	Refurbishment Cost to date	1,195,147
9,935,628		10,732,940

1. Capital Commitment

At the 30th June, 2017, the Merimbula RSL Club Ltd was responsible for a capital commitment of approximately \$3,420,000 for the refurbishment of the club house on 52-54 Main Street, Merimbula. As at the 30th June, 2017, the refurbishment cost to date was \$1,195,147.

2. Movements in Carrying Amounts:

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

Economic Entity:	Freehold Land and Buildings		Plant and Equipment		Total	
	\$'000		\$'000		\$'000	
	2017	2016	2017	2016	2017	2016
Balance at the beginning of year	8,259	8,333	1,677	1,604	9,936	9,937
Add: Additions	1,175	204	439	617	1,614	821
Less: Depreciation	(278)	(278)	(523)	(528)	(801)	(806)
Disposals	0	0	(16)	(16)	(16)	(16)
Carrying amount at the end of year	9,156	8,259	1,577	1,677	10,733	9,936

3. An independent revaluation of land and buildings was undertaken on 30th June, 2015, by Mr M.E. Rix A.A.P.I. Registered Valuer No. 021440. The revaluation was undertaken as part of a policy to value land and buildings every three years and was based on fair value as part of a going concern basis. The valuation revealed a fair value as a going concern of \$9,600,000.

MERIMBULA RSL CLUB LIMITED

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NOTE 11: PAYABLES

2016 \$		2017 \$
	Unsecured Liabilities	
315,975	Creditors – Trade	611,890
315,975		611,890

NOTE 12: EMPLOYEE PROVISIONS

678,056	Opening Balance at the beginning of the Financial Year	710,565
370,299	Additional provisions raised during year	376,148
(337,790)	Amount used	(393,826)
710,565	Balance at the finish of the Financial Year	692,887

Analysis of Total Provisions:

(a) Current

392,161	Annual Leave and Sick Leave Entitlements	382,404
275,699	Long Service Leave Entitlements	268,840
667,860		651,244

(b) Non-Current

42,705	Long Service Leave Entitlements	41,643
42,705		41,643

Employee Provision:

Employee Provisions represent amounts accrued for annual leave, sick leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements, sick 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 experiences, the company does not expect the full amount of annual leave, sick 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.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 12a: LINK PROVISION

4,188	Link Provision	8,068
4,188		8,068

NOTE 13: INCOME IN ADVANCE

(a) Current

29,169	Members' Fees	28,464
29,169		28,464

(b) Non Current

34,590	Members' Fees for future years after 2017/18	49,017
34,590		49,017

MERIMBULA RSL CLUB LIMITED

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NOTE 14: CURRENT TAX LIABILITIES

2016 \$		2017 \$
228,297	Goods and Services Tax and Withholding Tax	174,044
84,865	Poker Machine Tax	77,960
313,162		252,004

NOTE 15: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management:

The entity's financial instruments consist mainly of deposits with the banks, accounts receivable and payables. The entity relies on this working capital as its source of funds. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial reports, are as follows:

2016 \$	Financial Assets	Note	2017 \$
307,008	Cash at Bank	6	258,579
2,709,912	Short Term Deposit	6	2,732,815
120,000	Cash on Hand	6	120,000
1,592	Trade Debtors	7	8,723
3,138,512	Total Financial Assets		3,120,117
	Financial Liabilities:		
315,975	Trade Creditors	11	611,890
313,162	Current Tax Liabilities	14	252,004
629,137	Total Financial Liabilities		863,894

NOTE 16: FAIR VALUE MEASUREMENTS

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements:

	Property, Plant and Equipment	
8,259,000	Freehold Land and Improvements	9,156,000
1,677,000	Plant and Equipment	1,576,900
9,936,000		10,732,900

For freehold land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed in the previous year, which used comparable market data for similar properties.

NOTE 17: RESERVES

43,413	Revaluation Reserve	43,413
292,829	Capital Profit Reserve	292,829
336,242		336,242

MERIMBULA RSL CLUB LIMITED

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NOTE 18: MEMBERS' LIABILITY

The number of registered members of the Club as at the 30th June, 2017, is 7,594 (last year 7,498) consisting of 164 Service Members, 7,428 Club Members and 2 Honorary Life Members.

As a Company Limited by Guarantee, every member of the Company has undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

NOTE 19: RELATED PARTY TRANSACTIONS

(a) **Directors:**

The names of persons who were directors of the company at any time during the year are:

Mr Allan F. Browning, Mr Philip J. Cheek, Mr David J. Crawford, Mr John F. Finn,
Mr Alan J. Johnson, Mr David J. Rankin and Mr Graeme N. Williams.

(b) **Director Remuneration:**

The directors did not receive any remuneration from the company during the year other than any approved honorarium and reimbursement of out of pocket expenses that have been fully substantiated except for Mr David Rankin who received benefits for the provision of Accounting Services.

(c) **Transactions with directors and director related entities:**

There were no transactions with directors, other than those at normal commercial terms and conditions, and other benefits approved by the members at the annual general meeting.

(d) **Other transactions with related parties:**

There were no other transactions with related parties.

NOTE 20: BANK GUARANTEE

At the request of the company, the Merimbula RSL Club Ltds bank is holding a bank guarantee in favour of the Totalisator Agency Board of NSW to the value of \$5,000.

NOTE 21: KEY MANAGEMENT PERSONNEL

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosure are deemed appropriate.

NOTE 22: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

At the years ending 30th June, 2016 and 30th June, 2017 there was no net debt.

MERIMBULA RSL CLUB LIMITED

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NOTE 23: STATEMENT OF OPERATIONS BY SEGMENTS

The company operates in the Licensed Registered Clubs' sector within New South Wales.

NOTE 24: COMPANY DETAILS

The registered office of the company is:

Merimbula RSL Club Limited, 52-54 Main Street, MERIMBULA NSW 2548

Unlisted Company Limited by Guarantee.

NOTE 25: DISPOSAL OF CLUB PROPERTY – CORE OR NON CORE

That pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30th June, 2017:

- (a) The following properties are core property of the Club:
 - (i) 52-54 Main Street
 - (ii) Carpark corner Alice and Main Street
- (b) The following properties are non-core property of the Club:
 - Nil
 - (i) Section 41J(2) of the Registered Clubs Act requires the Financial Report to specify the core property and non core property of the Club as at the end of the financial year to which the report relates.
 - (ii) Core property is any real property owned or occupied by the Club that comprises
 - (a) the defined premises of the Club; or
 - (b) any facility provided by the Club for use of its members and their guests; or
 - (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
 - (iii) Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
 - (iv) The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval;
 - (c) any sale is by way of public auction or open tender conducted by any independent real estate agent or auctioneer.
 - (v) These disposal provisions and what constitutes a disposal for the purpose of section 41J are to some extent modified by regulation made under the Registered Clubs Act and by section 41J itself. For example, the requirements in paragraph 4 above do not apply to:
 - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer; Core property that is leased or licensed to a telecommunications provider for the purpose of a telecommunication tower.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIMBULA RSL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion:

We have audited the financial report of the Merimbula RSL Club Limited (the company), which comprises the statement of financial position as at 30th June, 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Merimbula RSL Club Limited is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the company's financial position as at the 30th June 2017 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 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 Merimbula RSL Club Limited, 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. However, our statutory audit does not cover all details of dissection of financial data.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30th June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 – 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.

MERIMBULA RSL CLUB LIMITED

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INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Members of the Merimbula RSL Club Ltd.

Responsibilities of the Directors' for the Financial Report *(continued)*

In preparing the financial report, the directors are responsible for assessing 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 Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 transaction 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.

Richard C.Parbery FCPA
Registered Company Auditor (1864)

101 Main Street
Merimbula, NSW 2548
28th August, 2017

MERIMBULA RSL CLUB LIMITED

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DONATIONS

For the year ended 30th June, 2017

Australian Indigenous Mentoring Experience	Merimbula Salvation Army
Australian Kookaburra Kids Foundation	Merimbula Stawell Gift
Bega Valley HF Autism	Merimbula Tennis Club
Bega Valley Shire Council	Merimbula Tourism
Bega Valley Suicide Prevention Action Network	Merimbula/Pambula Junior Rugby League
Bemboka Public School	Nardy House
Bermagui Area Chamber of Commerce	Pambula A.H & D.F Assoc
Bowlcare Australia	Pambula Surf Life Saving Club
Candelo A.H. & D.F. Association	Pambula/Merimbula Bulldogs
Careflight	Panorama RSL Day Club
Defencecare	Police Citizens Youth Club
Diggers Football Club	Quaama Rural Fire Brigade
FSC Family Support Service	Reaching Out Foundation
Imlay House Nursing Home Auxiliary	Road Safety Education Ltd
Jellat Rural Fire Brigade	Sapphire Coast Football League
Lara Jean Assoc	Sapphire Coast Historical Car Club
Lions Club of Pambula Merimbula	Sapphire Coast Netball Assoc
Lyndon – Wandarma Drug & Alcohol Service	Sapphire Coast Turf Club
Mallacoota Preschool	Southern Womens Group
Marine Rescue Merimbula	St Vincent De Paul Society – Bega
Men of League Foundation	St Vincent De Paul Society – Merimbula
Men's Shed Merimbula	The Disability Trust
Merimbula BG&LA Club	University of the Third Age Bermagui
Merimbula Chambers of Commerce	Wallaga Lake/Bermagui Mens Shed
Merimbula Indoor Bowlers	Wyndham Primary P&C
Merimbula Jazz Festival	
Merimbula Public School	
Merimbula RSL Sub Branch	

Total: \$77,770

MERIMBULA
RSL CLUB

...something for everyone

52-54 Main Street • T (02) 6495 1502
www.merimbularsl.com.au

