



**MERIMBULA**  
**RSL CLUB**

**2017-2018 FINANCIAL REPORT**

**MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

**ANNUAL GENERAL MEETING**

To be held in the Merimbula RSL Club on Wednesday, 31st October, 2018, at 7.15pm.

**MEETING AGENDA:**

1. Apologies.
2. Confirmation of Minutes for Annual General Meeting held on 25th October, 2017.
3. To receive and consider the Financial Statement of the Company for the year ended 30th June, 2018, 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.

**Note:** The Ordinary Resolutions 1 to 4 are printed on page 2 of this Notice and Notes on the Ordinary Resolutions are printed on page 3 of this Notice.

8. **General Business:** Notice of which was supplied to the Secretary Manager in writing prior to this meeting.

*By order of the Board,*

**M. MUTSCH**  
**Secretary Manager**

*30th August, 2018*

# 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, 31st October, 2018, 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 \$8,604 be paid to the President as an Honorarium for the 2018/19 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 \$3,081 to each of the two (2) Vice-Presidents and \$2,121 to each of the four (4) other Directors as a Directors' Honorarium for the 2018/19 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

**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 \$8,604 for the 2018/19 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 \$3,081 for the two (2) Vice Presidents and \$2,121 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. 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.

6. 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**

*30th August, 2018*

# 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 2017/18.

The operating surplus of \$56,366 before Income Tax and abnormal item was a disappointing result for the year although it was expected that the refurbishing project would affect trading with the closure of some areas during the works.

Notwithstanding this, results were mixed in all areas of trading, with gaming revenue declining and operating costs continuing to be under pressure. This trend must be addressed if the Club is to operate profitably in the future.

The Board in response to this is pursuing a review of costs, marketing and operating procedures to identify where improvements can be made in revenue flows and cost savings.

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.

During the year, the Board was pleased to welcome two new Directors, Ms Hannah Rossi and Mr Ian Powell who filled vacancies occasioned by the retirement of Mr John Crawford and the passing of Mr Alan Johnson. It was with sadness that our longest (since 1993) serving Director Alan Johnson passed away on the 26th September 2017. Alan was a highly respected Director of the Club and a strong advocate for staff and members.

To my fellow Directors, I personally thank them for their support and commitment during the year. The year was a difficult one due to the refurbishment project but the Board continued to function effectively to ensure the satisfactory completion of the project.

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

The 2017/18 Financial Year was a year that provided the Merimbula RSL Club with a number of challenges and throughout the refurbishment your Club experienced some tough trading conditions. While some trading areas made pleasing improvements in income after all the work had been completed, your Club recorded a modest profit of \$56,366 (before an abnormal item and income tax expense).

In considering the Clubs result, the following information on the operational trading departments is put forward for your consideration:

- Total revenue of \$10,990,670 decreased by \$115,572 or 1.04%.
- Gaming machine revenue decreased by \$207,190 or 3.89%.
- Bar revenue increased by \$52,597 or 2.05% and the bar/bottle shops gross profit for the year was 58.66% compared to 58.20% last year.
- As always the Clubs Combined Catering area has again proven very popular with Catering revenue increasing by \$125,002 or 3.76%. The gross margin for the year was 57.71% compared to 57.66% last year.
- Other expenditure increased by \$127,120 or 4.00%.

This year, your Club has put on a number of promotions which have been well received. Also through Clubgrants (CDSE) we have made financial donations of \$96,619 which included \$20,000.00 to our neighbours Tathra who were severely impacted by fire during the year. This amount is only what the Club gave but there was an additional \$7,564 raised for the Tathra bushfire appeal from raffle proceeds, donations and change placed in tins. To everyone who generously supported this appeal we say thankyou.

In October 2017, an anomaly was discovered while authorising payments online. After further investigation it was discovered that all payments over \$5,000.00 had their BSB and bank account numbers changed to different banking details. The Club was immediately contacted by the bank who froze all the accounts while the Clubs IT company found the issue.

After the investigation it was discovered that an online payment six days before had been affected and a furniture payment of \$49,234.00 (excl GST) had been taken.

The Club has put the matter in the hands of the police and it is still being investigated.

To the President Mr Graeme Williams and all other members of the Board I would like to thank you for your vision and commitment to the Club. Your support and direction is greatly appreciated and hopefully next year will be a progressive one.

In closing, I would like to thank and praise the efforts of the Department Heads, Supervisors and Staff for their support throughout the year, particularly through the refurbishment as at times they did find themselves working under difficult and sometimes confined conditions.

Finally, I would like to take the opportunity to thank all members for their continued support during the past twelve months. Regrettably there have been members and loved ones depart. All of us, involved in the Club extend our deepest sympathies and condolences. We also extend our best wishes to all who are of ill health, and wish you all a speedy recovery, and hope to see you soon.

**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, 2018.

### 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 (deceased 26/9/17), Mr David J. Rankin, Ms Hannah L. Rossi, Mr Ian J. Powell, 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 (22) twenty two 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 -\$7,514 made up as follows:

Net Operating Profit before Income Tax expense	\$7,102
<b>Less:</b> Income Tax Expense	(\$14,616)
Net Operating Loss	<u>(\$7,514)</u>

### Members' Details and Guarantee:

The number of registered members of the Club as at the 30th June, 2018 is 7,620 (last year 7,594) consisting of 145 Service Members, 7,474 Club Members and 1 Honorary Life Member.

# 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, House & Catering Committees, Service Board member since 30/8/10, no other Directorships held.

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

*Mr David J. Crawford:* Retired, member of the Finance & 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 & Strategic Planning Committees, Service Board member since 29/10/08, no other Directorships held.

*Mr Alan J. Johnson:* Retired, member of the House & Catering Committees, Club Board Member since 25/3/93, no other Directorships held. (Deceased 26/9/17).

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

*Ms Hannah L. Rossi:* Manager for Coca Cola Amatil, member of the House & Strategic Planning Committees, Club Board Member since 28/8/17, no other Directorships held.

*Mr Ian J. Powell:* Retired, member of the Finance & House Committees, Club Board Member since 25/10/17, no other Directorships held.

*Mr Graeme N. Williams:* CPA, Retired, President & member of the Finance & Strategic Planning Committees, 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 33 meetings of Directors (including committees) were held. Attendances were:

	<b>Directors' Meetings:</b>		<b>Committee Meetings:</b>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allan F. Browning . . . . .	13	13	4	4
Philip J. Cheek . . . . .	13	12	18	16
David J. Crawford . . . . .	1	0	1	0
John F. Finn . . . . .	13	13	16	15
Alan J. Johnson . . . . .	3	1	0	0
Ian J. Powell . . . . .	9	8	8	7
David J. Rankin. . . . .	13	13	4	4
Hannah L. Rossi . . . . .	12	9	2	2
Graeme N. Williams . . . . .	13	13	16	16

### 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 30th August, 2018.

**G.N. WILLIAMS, Director**

**P.J. CHEEK, 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, 2018 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, 2018 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**  
**P.J. CHEEK, Director**

*Dated at Merimbula,  
30th August, 2018*

## BOARD OF DIRECTORS 2017/18



*Back from left: Hannah Rossi, Michael Mutsch (Secretary Manager), Allan Browning (Vice President), Dave Rankin, Ian Powell; front from left: Phil Cheek (Vice President), Graeme Williams (President); inset: John Finn*

**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, 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.

**RICHARD C PARBERY FCPA**

Registered Company Auditor (1864)

*30th August, 2018*

101 Main Street, Merimbula, NSW 2548

**MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

**STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME***For the year ended 30th June, 2018*

2017 \$		Note	2018 \$
<b>11,106,242</b>	<b>Revenue from Ordinary Activities</b>	1(c)	10,990,670
(2,272,200)	Cost of Sales		(2,331,409)
(4,284,523)	Employees Expenses		(4,489,363)
(23,574)	Financial Expenses		(29,552)
(15,497)	Members' Amenities		(15,192)
(76,350)	Property Expenses		(76,590)
(801,221)	Depreciation		(804,550)
(988,065)	Poker Machine Tax		(935,938)
(490,424)	Promotions		(549,053)
(246,673)	Electricity and Gas		(300,561)
(75,294)	General Insurance		(72,827)
(41,736)	Printing, Postage and Stationery		(41,035)
(269,788)	Repairs and Maintenance		(249,655)
(158,578)	TAB Expense		(162,767)
(856,626)	Other Expenses		(875,842)
<b>505,693</b>	Operating Profit Before Income Tax	2	<b>56,336</b>
(8,274)	Income Tax Attributable to Operating Profit	4	(14,616)
<b>497,419</b>	<b>Profit for the Year</b>		<b>41,720</b>
0	Other Comprehensive Income		0
0	Cyber Theft	26	(49,234)
<b>497,419</b>	Profit/(Loss) Attributable to Members of the Company		<b>(7,514)</b>

*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, 2018*

<i>2017 \$</i>		Note	<i>2018 \$</i>
	<b>Current Assets:</b>		
3,111,394	Cash	6	1,228,087
8,723	Receivables	7	1,617
40,301	Deferred Tax	4A	25,685
164,948	Inventories	8	149,794
55,505	Other	9	129,332
<b>3,380,871</b>	<b>Total Current Assets</b>		<b>1,534,515</b>
	<b>Non Current Assets:</b>		
10,732,940	Property, Plant and Equipment	10	12,616,841
<b>10,732,940</b>	<b>Total Non Current Assets</b>		<b>12,616,841</b>
<b>14,113,811</b>	<b>Total Assets</b>		<b>14,151,356</b>
	<b>Current Liabilities:</b>		
611,890	Payables	11	544,177
659,312	Provisions	12 & 12a	702,949
28,464	Income in Advance	13	28,812
252,004	Current Tax Liabilities	14	316,467
<b>1,551,670</b>	<b>Total Current Liabilities</b>		<b>1,592,405</b>
	<b>Non Current Liabilities:</b>		
41,643	Provisions	12	44,769
49,017	Income in Advance	13	50,215
<b>90,660</b>	<b>Total Non Current Liabilities</b>		<b>94,984</b>
<b>1,642,330</b>	<b>Total Liabilities</b>		<b>1,687,389</b>
<b>12,471,481</b>	<b>Net Assets</b>		<b>12,463,967</b>
	<b>Members' Funds:</b>		
336,242	Reserves	17	336,242
12,135,239	Retained Profits		12,127,725
<b>12,471,481</b>	<b>Total Members' Funds</b>		<b>12,463,967</b>

*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, 2018*

2017 \$		2018 \$
11,974,062	Total Equity at the beginning of the Financial Year	12,471,481
497,419	Operating surplus/(deficit) attributable to the Members of the Company	(7,514)
<b>12,471,481</b>	<b>Total Equity at the end of the Financial Year</b>	<b>12,463,967</b>

## STATEMENT OF CASH FLOWS

*For the year ended 30th June, 2018*

2017 \$		Note	2018 \$
	<b>Cash Flow from Operating Activities:</b>		
10,902,944	Receipts from Customers		10,864,507
(9,796,157)	Payments to Suppliers and Employees		(9,849,879)
44,880	Members' Subscriptions		41,404
72,950	Interest Received		10,636
<b>1,224,617</b>	<b>Net Cash provided by Operating Activities</b>	5	<b>1,066,668</b>
	<b>Cash Flow from Investing Activities:</b>		
(374,789)	Payment for Property, Plant and Equipment		(936,000)
(875,354)	Payment for Property Club Renovations		(2,013,975)
<b>(1,250,143)</b>	<b>Net Cash used in Investing Activities</b>		<b>(2,949,975)</b>
	<b>Cash Flow from Financing Activities:</b>		
0	Repayments of Borrowings		0
<b>0</b>	<b>Net Cash used in Financing Activities</b>		<b>0</b>
<b>(25,526)</b>	<b>Net (Decrease)/Increase in Cash held</b>		<b>(1,883,307)</b>
<b>3,136,920</b>	<b>Cash at Beginning of Financial Year</b>		<b>3,111,394</b>
<b>3,111,394</b>	<b>Cash at End of Financial Year</b>	6	<b>1,228,087</b>

*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, 2018

### 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 30th August, 2018 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:-

<b><i>Class of Fixed Asset:</i></b>	<b><i>Depreciation Rate:</i></b>
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:

2017 \$		2018 \$
	<b>Operating Revenue:</b>	
5,313,207	Poker Machine Takings	5,106,017
3,322,547	Catering	3,447,549
2,070,618	Bar and Bottleshop	2,113,215
31,158	Members' Subscriptions	39,858
115,245	Keno	115,873
1,174	Vending Commission	1,133
80,360	Other Income	68,682
48,592	TAB Commission	41,479
<b>10,982,901</b>	<b>Total Operating Revenue</b>	<b>10,933,806</b>
	<b>Non Operating Revenue:</b>	
7,304	Rent Received	7,303
61,682	Interest	9,351
54,355	Sale of Assets	40,210
<b>123,341</b>	<b>Total Non Operating Revenue</b>	<b>56,864</b>
<b>11,106,242</b>	<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b>10,990,670</b>

### (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

ABN 66 000 965 560

## 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

ABN 66 000 965 560

## 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.

### **(o) New and amended accounting standards:**

The company has assessed all new and amended accounting standards issued and affective for financial reporting periods beginning on or after 1st January, 2017, and determined there to be no affect on the current or prior period financial statements.

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION

2017 \$	(a) Profit from ordinary activities before Income Tax expense:	2018 \$
2,800,644	Poker Machines	2,553,287
484,029	Bar and Bottle Shop	467,726
36,019	Catering and Coffee Shop	(9,264)
399,871	Other Income	323,889
<b>3,720,563</b>		<b>3,335,638</b>
	<b>(b) Operating Profit has been determined after charging as expenses:</b>	
1,701,869	Indirect Labour and Overheads	1,747,996
23,574	Financial Expenses	29,552
15,498	Members' Amenities	15,192
220,262	Property Expenses	199,232
398,587	Depreciation	404,955
855,080	Administration Expenses	882,375
<b>3,214,870</b>		<b>3,279,302</b>
<b>505,693</b>	<b>Profit from ordinary activities before Income Tax Expense</b>	<b>56,336</b>
	<b>(c) Trading Profit from Poker Machines has been determined after:</b>	
<b>5,313,207</b>	Crediting as Income	<b>5,106,017</b>
	<b>Charging as Expenses:</b>	
64,360	CMS Costs	66,244
988,065	Poker Machine Tax	935,938
401,427	Direct Labour	417,815
15,580	Payroll Tax	17,389
8,078	Workers' Compensation	8,647
32,211	Superannuation	34,780
58,200	Electricity	66,700
76,118	Repairs and Maintenance	82,282
490,424	Promotions	549,053
378,100	Depreciation	373,882
<b>2,512,563</b>		<b>2,552,730</b>
<b>2,800,644</b>		<b>2,553,287</b>
	<b>Trading Profit from Bar and Bottle Shop has been determined after:</b>	
<b>2,070,618</b>	Crediting as Income	<b>2,113,215</b>
	<b>Charging as Expenses:</b>	
865,493	Cost of Goods Sold	873,542
523,757	Direct Labour	548,917
22,523	Payroll Tax	24,234
9,365	Workers' Compensation	8,861
46,605	Superannuation	48,022
45,500	Electricity	57,750
26,213	Discounts and Promotions	24,499
29,554	Bar Requirements	30,304
2,580	Bar Laundry	1,709
2,332	Freight Inwards	5,073
12,667	Staff Uniforms	22,578
<b>1,586,589</b>		<b>1,645,489</b>
<b>484,029</b>		<b>467,726</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

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

2017 \$	Trading Profit from Catering and Coffee Shop has been determined after:	2018 \$
3,322,547	Crediting as Income	3,447,549
<b>3,322,547</b>		<b>3,447,549</b>
	<b>Charging as Expenses:</b>	
1,406,706	Cost of Goods Sold	1,457,867
1,447,425	Direct Labour	1,539,446
20,800	Cleaning	22,678
74,305	Electricity and Gas	89,433
3,776	Freight inwards	2,923
3,542	General	4,554
1,077	Laundry	1,282
21,303	Discounts and Promotions	18,374
66,148	Payroll Tax	72,592
1,269	Printing and Stationery	29
49,757	Replacements	47,036
136,522	Superannuation	143,790
27,803	Workers' Compensation	29,655
1,560	Telephone	1,440
24,535	Depreciation	25,714
<b>3,286,528</b>		<b>3,456,813</b>
<b>36,019</b>		<b>(9,264)</b>
	<b>Other Income:</b>	
31,158	Members' Subscriptions	39,858
7,304	Rent Received	7,303
61,682	Interest Received	9,351
115,245	Keno Commission	115,873
48,592	TAB Commission	41,479
81,535	Other Income	69,815
54,355	Profit on Sale of Fixed Asset	40,210
<b>399,871</b>		<b>323,889</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

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

2017 \$	(d) Indirect Labour and Overheads:	2018 \$
594,846	Administration Wages	613,137
243,495	Door Wages	250,111
54,316	Security Wages	63,966
188,622	Cleaning/Maintenance Wages	197,106
126,678	Childminding Wages	132,460
67,383	Courtesy Bus Wages	75,738
77,893	Payroll Tax	80,860
32,152	Workers' Compensation	21,770
95,729	Staff and Directors' Training	96,101
59,060	Staff Meals	56,680
161,695	Superannuation	160,067
<b>1,701,869</b>		<b>1,747,996</b>
	<b>Financial Expenses:</b>	
23,574	Bank Charges	29,552
<b>23,574</b>		<b>29,552</b>
	<b>Members' Amenities:</b>	
1,100	ANZAC Day Expenses	1,091
3,989	Members' Cards	2,050
3,285	Members' Reports	2,854
7,124	Members' Nights	9,197
<b>15,498</b>		<b>15,192</b>
	<b>Property Expenses:</b>	
143,912	General Maintenance and Repairs	122,642
76,350	Rates – Bega Valley Shire	76,590
<b>220,262</b>		<b>199,232</b>
	<b>Depreciation:</b>	
277,775	Freehold Buildings and Carpark	291,252
120,812	Plant and Equipment	113,703
<b>398,587</b>		<b>404,955</b>
	<b>Administration Expenses:</b>	
2,936	Accountancy	3,095
72,464	Advertising	54,698
40,500	Audit	42,525
31,417	General Cleaning	27,601
18,358	Consulting	18,790
1,769	Courtesy Bus	4,224
9,179	Directors' Expenses	5,246
474	Discounts and Promotions	181
77,770	Donations	96,619
68,668	Electricity and Gas	86,678
1,843	Float Variances	2,993
1,917	Freight Inwards	2,100
2,840	Fringe Benefits Tax	3,098

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

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

2017 \$	Adminstration Expenses (continued):	2018 \$
22,878	General Expenses	32,834
75,300	General Insurance	72,672
4,845	Legal Expenses	2,241
36,904	Licences and Permits	32,009
30,760	Printing and Stationery	33,087
9,707	Postage	7,919
22,346	President's and Directors' Allowance	22,771
44,459	Security	45,210
72,243	Sky Channel/Foxtel	70,505
158,579	TAB Expenses	162,767
8,539	Telephones	7,553
38,385	Waste Removal	44,959
<b>855,080</b>		<b>882,375</b>

## NOTE 3: AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor for:

40,500	Audit	42,525
2,955	Other Services	3,095
<b>43,455</b>		<b>45,620</b>

## NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprises:

0	Current Tax	0
8,274	Deferred Tax	14,616
<b>8,274</b>		<b>14,616</b>

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 27.5% (2017: 27.5%).

505,693	Operating Profit before Tax	7,102
(31,158)	<b>Less:</b> Members' Subscriptions	(39,858)
(152,075)	Direct Members' Income	(146,359)
(320,121)	Non Apportionable Items	(242,552)
<b>2,339</b>		<b>(421,667)</b>
1,218,179	<b>Add:</b> Non Allowable, Non Apportionable and Part Apportionable Expenses	1,440,928
<b>1,220,518</b>		<b>1,019,261</b>
654,198	Portion attributable Non Members	541,941
264,448	<b>Add:</b> Non Apportionable Items	203,629
<b>918,646</b>		<b>745,570</b>
(806,677)	<b>Less:</b> Non Apportionable and Part Apportionable Expense	(825,267)
(332,658)	Tax Loss Prior Years	(220,689)
<b>(220,689)</b>	<b>Tax Loss Carried Forward</b>	<b>(300,386)</b>

# MERIMBULA RSL CLUB LIMITED

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## NOTE 4A: DEFERRED TAX ASSET

2017 \$	The amount and nature of the deferred tax asset for the financial year ended 30th June, 2018, is:	2018 \$
<b><u>Deferred tax assets and liabilities for each type of temporary difference</u></b>		
<b>Deferred Tax Assets:</b>		
387,129	Provision for Annual Leave and Sick Leave	404,262
305,758	Provision for Long Service Leave	338,175
66,425	Audit Accrual and Wage Accrual	79,288
<b>759,312</b>		<b>821,725</b>
(352,321)	Adjustment for Member Component	(384,814)
<b>406,991</b>		<b>436,911</b>
<b>Deferred Tax Liabilities:</b>		
508,682	Property, Plant and Equipment	660,701
<b>508,682</b>		<b>660,701</b>
(236,029)	Adjustment for Member Component	(309,406)
<b>272,653</b>		<b>351,295</b>
<b><u>Deferred tax amounts recognised in income tax expense</u></b>		
<b>Deferred Tax Assets:</b>		
116,139	Provision for Annual Leave and Sick Leave	121,279
91,727	Provision for Long Service Leave	101,453
19,928	Audit Accrual and Wage Accrual	23,786
<b>227,794</b>		<b>246,518</b>
(105,697)	Adjustment for Member Component	(115,445)
<b>122,097</b>		<b>131,073</b>
<b>Deferred Tax Liabilities:</b>		
152,605	Property, Plant and Equipment	198,210
<b>152,605</b>		<b>198,210</b>
(70,809)	Adjustment for Member Component	(92,822)
<b>81,796</b>		<b>105,388</b>
<b>40,301</b>	<b>Net Deferred Tax Asset</b>	<b>25,685</b>



# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 5: CASH FLOW INFORMATION

2017 \$		2018 \$
	<b>1. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax:</b>	
497,419	Profit from Ordinary Activities after Income Tax	(7,514)
	<b>Non-Cash Flows in Operating Profit:</b>	
801,221	Depreciation	804,550
(54,355)	(Profit)/Loss on Sale of Asset	(40,210)
	<b>Changes in Assets and Liabilities:</b>	
(7,132)	(Increase)/Decrease in Debtors	7,107
56,189	(Increase)/Decrease in Other Assets	(59,211)
(9,373)	(Increase)/Decrease in Inventories	15,152
(48,110)	Increase/(Decrease) in Creditors, Accruals and Tax Liabilities	310,733
(20,704)	Increase/(Decrease) in Provisions	34,100
9,462	Increase/(Decrease) in Advance Subscriptions	1,961
<b>1,224,617</b>		<b>1,066,668</b>

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
216,668	Cash at Bank – Current Account	399,378
21,723	– TAB Account	23,857
20,188	– Keno Account	15,861
760,322	– 'At Call' Cash Deposit Account	663,991
1,972,493	– Term Deposit	5,000
<b>3,111,394</b>		<b>1,228,087</b>

### 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:

3,111,394	Cash	1,228,087
<b>3,111,394</b>		<b>1,228,087</b>

## NOTE 7: RECEIVABLES

8,723	Trade Debtors	1,617
<b>8,723</b>		<b>1,617</b>

## NOTE 8: INVENTORIES

86,472	Trading Stock – Bar	79,025
71,224	– Dining Room	58,114
7,252	Staff Uniforms	12,658
<b>164,948</b>		<b>149,797</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 9: OTHER

2017 \$		2018 \$
55,505	Prepayments	129,332
<b>55,505</b>		<b>129,332</b>

## NOTE 10: PROPERTY, PLANT AND EQUIPMENT

10,987,062	Freehold Land and Improvements at cost 52-54 Main Street, Merimbula	13,896,590
(4,486,989)	<b>Less:</b> Depreciation	(4,762,088)
<b>6,500,073</b>		<b>9,134,502</b>
1,534,849	Freehold Carpark	1,534,849
(74,033)	<b>Less:</b> Depreciation	(90,185)
<b>1,460,816</b>		<b>1,444,664</b>
64,402	Motor Vehicle at cost	64,402
(26,460)	<b>Less:</b> Depreciation	(34,876)
<b>37,942</b>		<b>29,526</b>
6,803,394	Plant and Equipment at cost	6,778,264
(5,264,432)	<b>Less:</b> Depreciation	(4,770,115)
<b>1,538,962</b>		<b>2,008,149</b>
<b>1,195,147</b>	Refurbishment Cost to date	<b>0</b>
<b>10,732,940</b>		<b>12,616,841</b>

### 1. 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 \$'000		Plant and Equipment \$'000		Total \$'000	
	2017	2018	2017	2018	2017	2018
Balance at the beginning of year	8,259	9,156	1,677	1,577	9,936	10,733
<b>Add:</b> Additions	1,175	1,714	439	997	1,614	2711
<b>Less:</b> Depreciation	(278)	(291)	(523)	(513)	(801)	(804)
Disposals	0	0	(16)	(23)	(16)	(23)
<b>Carrying amount at the end of year</b>	<b>9,156</b>	<b>10,579</b>	<b>1,577</b>	<b>2,038</b>	<b>10,733</b>	<b>12,617</b>

An independent revaluation of land and buildings was undertaken on 30th June, 2018, by Mr M.E. Rix A.A.P.I. Registered Valuer No. 67215. 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 \$10,450,000.

## NOTE 11: PAYABLES

### Unsecured Liabilities

611,890	Creditors – Trade	544,177
<b>611,890</b>		<b>544,177</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 12: EMPLOYEE PROVISIONS

2017 \$		2018 \$
710,565	Opening Balance at the beginning of the Financial Year	692,887
376,148	Additional provisions raised during year	417,873
(393,826)	Amount used	(368,323)
<b>692,887</b>	<b>Balance at the finish of the Financial Year</b>	<b>742,437</b>
<b>Analysis of Total Provisions:</b>		
<b>(a) Current</b>		
382,404	Annual Leave and Sick Leave Entitlements	409,677
268,840	Long Service Leave Entitlements	287,991
<b>651,244</b>		<b>697,668</b>
<b>(b) Non-Current</b>		
41,643	Long Service Leave Entitlements	44,769
<b>41,643</b>		<b>44,769</b>

### 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

8,068	Link Provision	5,281
<b>8,068</b>		<b>5,281</b>

## NOTE 13: INCOME IN ADVANCE

<b>(a) Current</b>		
28,464	Members' Fees	28,812
<b>28,464</b>		<b>28,812</b>
<b>(b) Non Current</b>		
49,017	Members' Fees for future years after 2018/19	50,215
<b>49,017</b>		<b>50,215</b>

## NOTE 14: CURRENT TAX LIABILITIES

2017 \$		2018 \$
174,044	Goods and Services Tax and Withholding Tax	251,170
77,960	Poker Machine Tax	65,297
<b>252,004</b>		<b>316,467</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 15: FINANCIAL RISK MANAGEMENT

2017 \$

2018 \$

### (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:

2017 \$	Financial Assets	Note	2018 \$
258,579	Cash at Bank	6	439,096
2,732,815	Short Term Deposit	6	668,991
120,000	Cash on Hand	6	120,000
8,723	Trade Debtors	7	1,617
<b>3,120,117</b>	<b>Total Financial Assets</b>		<b>1,229,704</b>
	<b>Financial Liabilities:</b>		
611,890	Trade Creditors	11	544,178
252,004	Current Tax Liabilities	14	316,467
<b>863,894</b>	<b>Total Financial Liabilities</b>		<b>860,645</b>

## 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

9,156,000	Freehold Land and Improvements	10,579,166
1,576,900	Plant and Equipment	2,037,675
<b>10,732,900</b>		<b>12,616,841</b>

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
<b>336,242</b>		<b>336,242</b>

## NOTE 18: MEMBERS' LIABILITY

The number of registered members of the Club as at the 30th June, 2018, is 7,620 (last year 7,594) consisting of 145 Service Members, 7,474 Club Members and 1 Honorary Life Member.

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.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### 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 (resigned 6/7/17), Mr John F. Finn, Mr Alan J. Johnson (deceased 26/9/17), Mr David J. Rankin, Ms Hannah L. Rossi, Mr Ian J. Powell, 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, 2017 and 30th June, 2018 there was no net debt.

### NOTE 23: STATEMENT OF OPERATIONS BY SEGMENTS

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

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### 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, 2018:

- (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.

### NOTE 26: IMPACT OF CYBER THEFT

In October 2017, an anomaly was discovered while authorising payments online. After further investigation, it was discovered that all payments over \$5,000 had their BSB and bank account numbers changed to different bank details. The Club immediately contacted the bank who froze all the accounts while the Clubs IT company found the issue.

After the investigation it was discovered that an online payment authorised 6 days before had been affected and a furniture payment of \$54,157.40 (inc GST) had been taken.

The Club has now put the matter in the hands of the police and it is still being investigated.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

# 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, 2018, 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, 2018, and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

### Basis 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 Audit 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 financial report for the year ended 30th June 2018, 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

ABN 66 000 965 560

## 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  
30th August, 2018



# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## DONATIONS

For the year ended 30th June, 2018

Bandara Childrens Services  
Bega Valley APL  
Bega Valley Meals on Wheels  
Bega Valley Motor Cycle Expo  
Bega Valley Shire Council  
Bega Valley Shire Council Library Services  
Bega Valley Suicide Prevention  
Bemboka Lions Club  
Bermagui District Seniors Social Club  
Bermagui Public School  
Bowicare Australia  
Candelo A.H & D.F Association  
Cobargo Preschool  
Cobargo School of Arts (Hall Committee)  
Country Womens Association  
Defence Care  
Far South Coast Police & Citizens Youth Club  
Grand Pacific Health  
Indoor Bowls Merimbula  
J Hulme (Merimbula Public School Award)  
Lions Club of Pambula - Merimbula  
Mallacoota Pre School (Fun Run)  
Marine Rescue Bermagui  
Marine Rescue Merimbula  
Mens Shed Merimbula  
Mens Shed Quaama  
Mens Shed Wallaga Lake  
Merimbula - Pambula Bulldog RLFC Club

Merimbula - Pambula Bulldog Minor RLFC Club  
Merimbula B.G&L.A Club  
Merimbula Chamber of Commerce  
Merimbula Diggers Football Club  
Merimbula Grasshoppers Soccer Club  
Merimbula Jazz Festival  
Merimbula Public School  
Merimbula Sail Board Club  
Merimbula Sub Branch  
Merimbula Tennis Club  
Merimbula Tourism  
OZ Harvest  
Pambula Show Committee  
Pambula Surf Life Saving Club  
Reaching Out Foundation  
Road Safety Education  
S.C.A.F.L  
Sapphire Coast Board Riders  
Sapphire Coast Kart Club  
Sapphire Coast Turf Club  
Sapphire Mobile Preschool  
Scouts Australia  
Southern Womens Group  
St Vincent De Paul Bega  
St Vincent De Paul Merimbula  
Tathra Beach Bowling Club  
Tathra Fire Appeal  
Z Chapple (Merimbula Public School Award)

**Total: \$96,619**



**MERIMBULA**  
**RSL CLUB**

*...something for everyone*

**52-54 Main Street • T (02) 6495 1502**  
**[www.merimbularsl.com.au](http://www.merimbularsl.com.au)**