

Merimbula RSL Club



...something for everyone

20182019
FINANCIAL REPORT

MERIMBULA
RSL CLUB

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ANNUAL GENERAL MEETING

To be held in the Merimbula RSL Club on Wednesday, 13th November, 2019, at 7.15pm.

MEETING AGENDA:

1. Apologies.
2. Confirmation of Minutes for Annual General Meeting held on 31st October, 2018.
3. To receive and consider the Financial Statement of the Company for the year ended 30th June, 2019, 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.
9. Election of Directors.

By order of the Board,

M. MUTSCH
Secretary Manager

30th September, 2019

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, 13th November, 2019, 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 \$8,742 be paid to the President as an Honorarium for the 2019/20 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 \$3,130 to each of the two (2) Vice-Presidents and \$2,155 to each of the four (4) other Directors as a Directors' Honorarium for the 2019/20 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 \$8,742 for the 2019/20 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 \$3,130 for the two (2) Vice Presidents and \$2,155 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 September, 2019

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

PRESIDENT'S REPORT

On behalf of the Board of Directors, I have much pleasure in presenting the Financial Report of the Club for the Financial Year 2018/19.

The operating surplus of \$560,681 before Income Tax and abnormal item was an excellent result for the year in which all areas of trading contributed positively to the end result.

This was due mainly to the following factors-

- Positive impact from the refurbishment of facilities in 2017/2018
- Outstanding performance by all staff
- Loyalty of our Members for their continued support
- Market recognition of the fine food and beverages that the Club has developed.

Cost were well contained for the year but continued monitoring is necessary (particularly in the areas of insurance and energy pricing) to ensure they remain under control. The cash position is very sound and provides the Club with resources as the Board continues to seek business opportunities and improvements to facilities to cope with future growth.

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.

To my fellow Directors, I personally thank them for their support and commitment during the year. The Board continues to function effectively as a united body which is critical as we face future growth challenges for the Club.

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

I am pleased to report on a very successful 2018/19 year which has seen the Club's trading profit go from a modest \$56,336 in 2017/18 to a profit of \$560,681 (before abnormal items, insurance recovery and income tax expense).

Much of this year's success for the Merimbula RSL Club can be attributed to good increases in all areas after a full years trading without the interruption of the refurbishment.

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

- Total revenue of \$11,872,030 increased by \$881,360 or 8.02%.
- Gaming machine revenue increased by \$455,640 or 8.93%.
- Bar/bottle shop revenue increased by \$211,724 or 10.02% and the bar/bottle shops gross profit for the year was 58.64% compared to 58.66% last year.
- Catering revenue increased by \$196,057 or 5.69%. The gross margin for the year was 59.03% compared to 57.71% last year.
- Overall expenditure increased by \$377,015 or 3.45%.

The Clubs net cash provided by operating activities for the 2018/19 financial year was strong at \$1,417,652. This is a great achievement and has put our club in a very sound position by investing funds into a term deposit while maintaining a solid working capital.

As in previous years, your Club had endeavoured to offer exciting promotions for all to participate in, Members Cash Draws are still most generous with this year seeing the jackpot reach the \$15,000 maximum and staying around for five weeks at the end of the financial year. The raffles on Wednesdays, Fridays & Sundays are still very popular.

Thank you to the current board of the Merimbula RSL Club who have actively assisted Management over the past twelve months. Having a board with experience across all aspects certainly makes our jobs a lot easier. Thank you to all the staff who go above and beyond to make our club such a great place with special thanks going to the other members of Management, Supervisors and senior staff.

Again to the members, I sincerely thank you for your continued support of our Club and we look forward in seeing you in the coming year.

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, 2019.

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 John F. Finn, Mr Ian J. Powell, Mr David J. Rankin, Ms Hannah L. Rossi, 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 (23) twenty three 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 profit after providing for income tax expense is made up as follows:

Profit for the Year	\$622,464
Less: Income Tax Expense	<u>(\$12,569)</u>
Profit Attributable to Members of the Company	<u>\$609,895</u>

Members' Details and Guarantee:

The number of registered members of the Club as at the 30th June, 2019 is 7,715 (last year 7,620) consisting of 142 Service Members, 7,572 Club Members and 1 Honorary Life Member.

MERIMBULA RSL CLUB LIMITED

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

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

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

Ms Hannah L. Rossi: Manager for The Commonwealth Bank, member of the House and Strategic Planning Committees, Club Board Member since 28/8/17, no other Directorships held.

Mr Graeme N. Williams: CPA, Retired, President and member of the Finance and 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:

	Directors' Meetings:		Committee Meetings:	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allan F. Browning	13	13	8	8
Philip J. Cheek	13	12	16	13
John F. Finn	13	12	13	12
Ian J. Powell	13	11	16	13
David J. Rankin.	13	13	7	7
Hannah L. Rossi	13	10	4	2
Graeme N. Williams	13	13	12	12

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 September, 2019.

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, 2019 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, 2019 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 September, 2019*

BOARD OF DIRECTORS 2018/19



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

MERIMBULA RSL CLUB LIMITED

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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, 2019, 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 September, 2019

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, 2019*

2018 \$		Note	2019 \$
10,990,670	Revenue from Ordinary Activities	1(c)	11,872,030
(2,331,409)	Cost of Sales		(2,454,284)
(4,489,363)	Employees Expenses		(4,605,630)
(29,552)	Financial Expenses		(32,191)
(15,192)	Members' Amenities		(14,622)
(76,590)	Property Expenses		(72,528)
(804,550)	Depreciation		(857,185)
(935,938)	Poker Machine Tax		(1,047,693)
(549,053)	Promotions		(497,934)
(300,561)	Electricity and Gas		(316,539)
(72,827)	General Insurance		(93,608)
(41,035)	Printing, Postage and Stationery		(33,550)
(249,655)	Repairs and Maintenance		(228,894)
(162,767)	TAB Expense		(162,699)
(875,842)	Other Expenses		(893,992)
56,336	Operating Profit before Income Tax	2	560,681
0	Other Comprehensive Income		0
0	Insurance Recovery (Hail damage 16/12/18)	26	61,783
(49,234)	Cyber Theft		0
7,102	Profit for the Year		622,464
(14,616)	Income Tax Attributable to Profit	4	(12,569)
(7,514)	Profit Attributable to Members of the Company		609,895

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, 2019*

2018 \$		Note	2019 \$
	Current Assets:		
1,228,087	Cash	6	2,428,464
1,617	Receivables	7	8,100
25,685	Deferred Tax	4A	13,116
149,794	Inventories	8	149,729
129,332	Other	9	154,578
1,534,515	Total Current Assets		2,753,987
	Non Current Assets:		
12,616,841	Property, Plant and Equipment	10	12,015,426
12,616,841	Total Non Current Assets		12,015,426
14,151,356	Total Assets		14,769,413
	Current Liabilities:		
544,177	Payables	11	489,188
702,949	Provisions	12 & 12a	719,071
28,812	Income in Advance	13	29,160
316,467	Current Tax Liabilities	14	348,389
1,592,405	Total Current Liabilities		1,585,808
	Non Current Liabilities:		
44,769	Provisions	12	61,659
50,215	Income in Advance	13	48,084
94,984	Total Non Current Liabilities		109,743
1,687,389	Total Liabilities		1,695,551
12,463,967	Net Assets		13,073,862
	Members' Funds:		
336,242	Reserves	17	336,242
12,127,725	Retained Profits		12,737,620
12,463,967	Total Members' Funds		13,073,862

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, 2019

2018 \$		2019 \$
12,471,481	Total Equity at the beginning of the Financial Year	12,463,967
(7,514)	Surplus/(deficit) attributable to the Members of the Company	609,895
12,463,967	Total Equity at the end of the Financial Year	13,073,862

STATEMENT OF CASH FLOWS

For the year ended 30th June, 2019

2018 \$		Note	2019 \$
	Cash Flow from Operating Activities:		
10,864,507	Receipts from Customers		11,729,768
(9,849,879)	Payments to Suppliers and Employees		(10,429,457)
41,404	Members' Subscriptions		39,132
10,636	Interest Received		16,426
1,066,668	Net Cash provided by Operating Activities	5	1,355,869
	Cash Flow from Investing Activities:		
(936,000)	Payment for Property, Plant and Equipment		(196,185)
(2,013,975)	Payment for Property Club Renovations		(21,090)
0	Insurance Recovery	26	61,783
(2,949,975)	Net Cash used in Investing Activities		(155,492)
	Cash Flow from Financing Activities:		
0	Repayments of Borrowings		0
0	Net Cash used in Financing Activities		0
(1,883,307)	Net (Decrease)/Increase in Cash held		1,200,377
3,111,394	Cash at Beginning of Financial Year		1,228,087
1,228,087	Cash at End of Financial Year	6	2,428,464

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, 2019

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 September, 2019 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:-

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

(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:

2018 \$		2019 \$
	Operating Revenue:	
5,106,017	Poker Machine Takings	5,561,657
3,447,549	Catering	3,643,606
2,113,215	Bar and Bottleshop	2,324,939
39,858	Members' Subscriptions	40,915
115,873	Keno	129,145
1,133	Vending Commission	1,040
68,682	Other Income	72,646
41,479	TAB Commission	47,950
10,933,806	Total Operating Revenue	11,821,898
	Non Operating Revenue:	
7,303	Rent Received	7,303
9,351	Interest	14,498
40,210	Sale of Assets	28,331
56,864	Total Non Operating Revenue	50,132
10,990,670	TOTAL REVENUE FROM ORDINARY ACTIVITIES	11,872,030

(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

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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) **Financial Instruments:**

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification:

On initial recognition, the Company has only ever held financial assets categorised as at "amortised cost" financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost:

Assets measured at amortised cost are financial assets where:

- the business is to hold assets to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows are solely payments of principal interest on the principal amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provisions for impairment.

Interest income, losses and impairment are recognised in profit and loss. Gain or loss on derecognition is recognised in profit or loss.

MERIMBULA RSL CLUB LIMITED

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

Impairment of financial assets:

Impairment of financial assets is recognised on an expected credit loss (ECL) for financial assets measured at amortised cost. When determining whether the credit risk for financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables:

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost:

Impairment of other financial assets measured at amortised cost are determined using the expected credit, loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial Liabilities:

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised costs using the effective rate method. The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

(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.

MERIMBULA RSL CLUB LIMITED

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

(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 entity has implemented AASB 9: Financial Instruments, which has come into effect and is included in the results.

AASB 9: Financial Instruments has been applied using the retrospective method, with comparative amounts restated where appropriate.

MERIMBULA RSL CLUB LIMITED

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NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION

2018 \$	(a) Profit from ordinary activities before Income Tax expense:	2019 \$
2,553,287	Poker Machines	2,930,976
467,726	Bar and Bottle Shop	593,992
(9,264)	Catering and Coffee Shop	78,674
323,889	Other Income	341,828
3,335,638		3,945,470
	(b) Operating Profit has been determined after charging as expenses:	
1,747,996	Indirect Labour and Overheads	1,823,279
29,552	Financial Expenses	32,191
15,192	Members' Amenities	14,622
199,232	Property Expenses	215,077
404,955	Depreciation	403,948
882,375	Administration Expenses	895,672
3,279,302		3,384,789
56,336	Profit from ordinary activities before Income Tax Expense	560,681
	(c) Trading Profit from Poker Machines has been determined after:	
5,106,017	Crediting as Income	5,561,657
	Charging as Expenses:	
66,244	CMS Costs	67,653
935,938	Poker Machine Tax	1,047,693
417,815	Direct Labour	423,019
17,389	Payroll Tax	17,525
8,647	Workers' Compensation	8,697
34,780	Superannuation	34,415
66,700	Electricity	63,050
82,282	Repairs and Maintenance	81,123
549,053	Promotions	497,934
373,882	Depreciation	389,572
2,552,730		2,630,681
2,553,287		2,930,976
	Trading Profit from Bar and Bottle Shop has been determined after:	
2,113,215	Crediting as Income	2,324,939
	Charging as Expenses:	
873,542	Cost of Goods Sold	961,581
548,917	Direct Labour	552,426
24,234	Payroll Tax	24,391
8,861	Workers' Compensation	9,111
48,022	Superannuation	47,928
57,750	Electricity	55,000
24,499	Discounts and Promotions	26,230
30,304	Bar Requirements	31,343
1,709	Bar Laundry	1,475
5,073	Freight Inwards	2,544
22,578	Staff Uniforms	18,918
1,645,489		1,730,947
467,726		593,992

MERIMBULA RSL CLUB LIMITED

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

2018 \$	Trading Profit from Catering and Coffee Shop has been determined after:	2019 \$
3,447,549	Crediting as Income	3,643,606
3,447,549		3,643,606
	Charging as Expenses:	
1,457,867	Cost of Goods Sold	1,492,704
1,539,446	Direct Labour	1,574,354
22,678	Cleaning	22,322
89,433	Electricity and Gas	78,495
2,923	Freight inwards	3,942
4,554	General	5,222
1,282	Laundry	1,965
18,374	Discounts and Promotions	19,190
72,592	Payroll Tax	75,859
29	Printing and Stationery	0
47,036	Replacements	47,212
143,790	Superannuation	148,743
29,655	Workers' Compensation	29,819
1,440	Telephone	1,440
25,714	Depreciation	63,665
3,456,813		3,564,932
(9,264)		78,674
	Other Income:	
39,858	Members' Subscriptions	40,915
7,303	Rent Received	7,303
9,351	Interest Received	14,498
115,873	Keno Commission	129,145
41,479	TAB Commission	47,950
69,815	Other Income	73,686
40,210	Profit on Sale of Fixed Asset	28,331
323,889		341,828

MERIMBULA RSL CLUB LIMITED

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

2018 \$		2019 \$
	(d) Indirect Labour and Overheads:	
613,137	Administration Wages	633,580
250,111	Door Wages	261,193
63,966	Security Wages	67,430
197,106	Cleaning Wages	201,951
132,460	Childminding Wages	133,960
75,738	Courtesy Bus Wages	72,310
80,860	Payroll Tax	81,485
21,770	Workers' Compensation	35,787
96,101	Staff and Directors' Training	98,910
56,680	Staff Meals	65,025
160,067	Superannuation	171,648
1,747,996		1,823,279
	Financial Expenses:	
29,552	Bank Charges	32,191
29,552		32,191
	Members' Amenities:	
1,091	ANZAC Day Expenses	1,458
2,050	Members' Cards	1,815
2,854	Members' Reports	2,218
9,197	Members' Nights	9,131
15,192		14,622
	Property Expenses:	
122,642	General Maintenance and Repairs	142,549
76,590	Rates – Bega Valley Shire	72,528
199,232		215,077
	Depreciation:	
291,252	Freehold Buildings and Carpark	286,752
113,703	Plant and Equipment	117,196
404,955		403,948
	Administration Expenses:	
3,095	Accountancy	3,095
54,698	Advertising	62,232
42,525	Audit	42,525
27,601	General Cleaning	29,461
18,790	Consulting	18,574
4,224	Courtesy Bus	3,840
5,246	Directors' Expenses	6,358
181	Discounts and Promotions	124
96,619	Donations	69,945
86,678	Electricity and Gas	119,995
2,993	Float Variances	1,691
2,100	Freight Inwards	2,591
3,098	Fringe Benefits Tax	3,001

MERIMBULA RSL CLUB LIMITED

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

2018 \$	Adminstration Expenses (continued):	2019 \$
32,834	General Expenses	27,094
72,672	General Insurance	93,453
2,241	Legal Expenses	2,250
32,009	Licences and Permits	31,298
33,087	Printing and Stationery	29,484
7,919	Postage	4,065
22,771	President's and Directors' Allowance	23,250
45,210	Security	46,235
70,505	Sky Channel/Foxtel	70,172
162,767	TAB Expenses	162,699
7,553	Telephones	6,631
44,959	Waste Removal	35,609
882,375		895,672

NOTE 3: AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor for:

42,525	Audit	42,525
3,095	Other Services	3,095
45,620		45,620

NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprises:

0	Current Tax	0
14,616	Deferred Tax	12,569
14,616		12,569

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% (2018: 27.5%).

7,102	Operating Profit before Tax	622,464
(39,858)	Less: Members' Subscriptions	(40,915)
(146,359)	Direct Members' Income	(155,955)
(242,552)	Non Apportionable Items	(314,746)
(421,667)		110,848
1,440,928	Add: Non Allowable, Non Apportionable and Part Apportionable Expenses	1,171,764
1,019,261		1,282,612
541,941	Portion attributable Non Members	787,652
203,629	Add: Non Apportionable Items	286,400
745,570		1,074,052
(825,267)	Less: Non Apportionable and Part Apportionable Expense	(838,737)
(220,689)	Tax Loss Prior Years	(300,386)
(300,386)	Tax Loss Carried Forward	(65,071)

MERIMBULA RSL CLUB LIMITED

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NOTE 4A: DEFERRED TAX ASSET

2018 \$	The amount and nature of the deferred tax asset for the financial year ended 30th June, 2019, is:	2019 \$
	<u>Deferred tax assets and liabilities for each type of temporary difference</u>	
	Deferred Tax Assets:	
404,262	Provision for Annual Leave and Sick Leave	412,617
338,175	Provision for Long Service Leave	364,972
79,288	Audit Accrual and Wage Accrual	87,946
821,725		865,535
(384,814)	Adjustment for Member Component	(334,010)
436,911		531,525
	Deferred Tax Liabilities:	
660,701	Property, Plant and Equipment	787,867
660,701		787,867
(309,406)	Adjustment for Member Component	(304,038)
351,295		483,829
	<u>Deferred tax amounts recognised in income tax expense</u>	
	Deferred Tax Assets:	
121,279	Provision for Annual Leave and Sick Leave	113,470
101,453	Provision for Long Service Leave	100,367
23,786	Audit Accrual and Wage Accrual	24,185
246,518		238,022
(115,445)	Adjustment for Member Component	(91,853)
131,073		146,169
	Deferred Tax Liabilities:	
198,210	Property, Plant and Equipment	216,663
198,210		216,663
(92,822)	Adjustment for Member Component	(83,610)
105,388		133,053
25,685	Net Deferred Tax Asset	13,116

MERIMBULA RSL CLUB LIMITED

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NOTE 5: CASH FLOW INFORMATION

2018 \$		2019 \$
	1. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax:	
(7,514)	Profit from Ordinary Activities after Income Tax	548,112
	Non-Cash Flows in Operating Profit:	
804,550	Depreciation	857,185
(40,210)	(Profit)/Loss on Sale of Asset	(28,331)
	Changes in Assets and Liabilities:	
7,107	(Increase)/Decrease in Debtors	(6,483)
(59,211)	(Increase)/Decrease in Other Assets	(12,677)
15,152	(Increase)/Decrease in Inventories	67
310,733	Increase/(Decrease) in Creditors, Accruals and Tax Liabilities	(50,729)
34,100	Increase/(Decrease) in Provisions	52,453
1,961	Increase/(Decrease) in Advance Subscriptions	(3,728)
1,066,668		1,355,869

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
399,378	Cash at Bank – Current Account	354,260
23,857	– TAB Account	29,331
15,861	– Keno Account	19,427
663,991	– 'At Call' Cash Deposit Account	900,446
5,000	– Term Deposit	1,005,000
1,228,087		2,428,464

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:

1,228,087	Cash	2,428,464
1,228,087		2,428,464

NOTE 7: RECEIVABLES

1,617	Trade Debtors	8,100
1,617		8,100

NOTE 8: INVENTORIES

79,025	Trading Stock – Bar	75,292
58,114	– Dining Room	64,175
12,658	Staff Uniforms	10,262
149,797		149,729

MERIMBULA RSL CLUB LIMITED

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NOTE 9: OTHER

2018 \$		2019 \$
129,332	Prepayments	154,578
129,332		154,578

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

13,896,590	Freehold Land and Improvements at cost 52-54 Main Street, Merimbula	13,917,680
(4,762,088)	Less: Depreciation	(5,032,687)
9,134,502		8,884,993
1,534,849	Freehold Carpark	1,534,849
(90,185)	Less: Depreciation	(106,338)
1,444,664		1,428,511
64,402	Motor Vehicle at cost	64,402
(34,876)	Less: Depreciation	(43,292)
29,526		21,110
6,778,264	Plant and Equipment at cost	6,807,150
(4,770,115)	Less: Depreciation	(5,126,338)
2,008,149		1,680,812
12,616,841		12,015,426

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		Plant and Equipment		Total	
	\$'000		\$'000		\$'000	
	2018	2019	2018	2019	2018	2019
Balance at the beginning of year	9,156	10,579	1,577	2,038	10,733	12,617
Add: Additions	1,714	21	997	48	2,711	69
Less: Depreciation	(291)	(287)	(513)	(365)	(804)	(652)
Disposals	0	0	(23)	(19)	(23)	(19)
Carrying amount at the end of year	10,579	10,313	2,038	1,702	12,617	12,015

An independent revaluation of land and buildings was undertaken on 30th June, 2018, by Mr M.E. Rix A.PI. 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

544,177	Creditors – Trade	489,188
544,177		489,188

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NOTE 12: EMPLOYEE PROVISIONS

2018 \$		2019 \$
692,887	Opening Balance at the beginning of the Financial Year	742,437
417,873	Additional provisions raised during year	418,676
(368,323)	Amount used	(383,524)
742,437	Balance at the finish of the Financial Year	777,589

Analysis of Total Provisions:

(a) Current

409,677	Annual Leave and Sick Leave Entitlements	412,617
287,991	Long Service Leave Entitlements	303,313
697,668		715,930

(b) Non-Current

44,769	Long Service Leave Entitlements	61,659
44,769		61,659

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

5,281	Link Provision	3,141
5,281		3,141

NOTE 13: INCOME IN ADVANCE

(a) Current

28,812	Members' Fees	29,160
28,812		29,160

(b) Non Current

50,215	Members' Fees for future years after 2019/20	48,084
50,215		48,084

NOTE 14: CURRENT TAX LIABILITIES

251,170	Goods and Services Tax and Withholding Tax	263,651
65,297	Poker Machine Tax	84,738
316,467		348,389

MERIMBULA RSL CLUB LIMITED

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NOTE 15: FINANCIAL RISK MANAGEMENT

2018 \$

2019 \$

(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:

	Financial Assets	Note	
439,096	Cash at Bank	6	403,018
668,991	Short Term Deposit	6	1,905,446
120,000	Cash on Hand	6	120,000
1,617	Trade Debtors	7	8,100
1,229,704	Total Financial Assets		2,436,564
	Financial Liabilities:		
544,178	Trade Creditors	11	489,188
316,467	Current Tax Liabilities	14	348,389
860,645	Total Financial Liabilities		837,577

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	
10,579,166	Freehold Land and Improvements	10,313,504
2,037,675	Plant and Equipment	1,701,922
12,616,841		12,015,426

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

NOTE 18: MEMBERS' LIABILITY

The number of registered members of the Club as at the 30th June, 2019, is 7,715 (last year 7,620) consisting of 142 Service Members, 7,572 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.

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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 John F. Finn, Mr Ian J. Powell, Mr David J. Rankin, Ms Hannah L. Rossi 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, 2018 and 30th June, 2019 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, 2019:

- (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: INSURANCE RECOVERY

0	Insurance claim for hail damage to four air-conditioning units on the 16/12/18	61,783
0		61,783

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, 2019, 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, 2019, 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 2019, 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 September, 2019

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DONATIONS

For the year ended 30th June, 2019

A Bretherton (Merimbula Public School Award)	Merimbula Diggers Football Club
AFL Sapphire Coast	Merimbula Grasshoppers Soccer Club
Bega Rotary	Merimbula Jazz Festival
Bega Valley Shire Council	Merimbula Mens Shed
Bega Valley Suicide Prevention	Merimbula Pelican Seaside Guides
Bemboka Public School	Merimbula Sub Branch
Bermagui District Seniors Social Club	Merimbula Tennis Club
Bermagui Public School	Merimbula Tourism
Bowlcare Australia	Pambula Merimbula Lions Club
Cancer Patients Foundation	Panorama RSL Day Club
Candelo A.H & D.F Association	Road Safety Education
Candelo Karate Dojo Inc	Sapphire Coast Historic Vehicle Club
Connect Plus Merimbula	Sapphire Coast Kart Club
Eden Community Access Centre	Sapphire Coast Turf Club
Family Drug Support	Sapphire Community Projects Inc
Girl Guides NSW & ACT	Southern Womens Group
Imlay House Auxiliary	St Vincent De Paul Bega
Indoor Bowls Merimbula	St Vincent De Paul Merimbula
Little Wings	Towamba Parents and Citizens Association
Men of League Foundation	Youth off the Streets
Merimbula-Pambula Bulldog RLFC Club	
Merimbula B.G. & L.A. Club	
Merimbula Chamber of Commerce	
	Total: \$69,945



MERIMBULA⁶
RSL CLUB

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