

Balgowlah RSL Memorial Club
ANNUAL REPORT

2017



DIRECTORY

Registered Office	30–38 Ethel St, Seaforth, NSW, 2092
Postal Address	PO Box 72, Seaforth, NSW, 2092
Telephone	02 9949 5477
Facsimile	02 9949 9211
Website	www.balgowlahrs.com.au
Email	info@balgowlahrs.com.au

Board of Directors

President	Bob Paterson FAIM, F FIN, JP
Senior Vice President	Des McAteer
Junior Vice President	John Ardill
Treasurer	Stephen Brown
Director	William O'Brien
Director	Graham Stone
Director	John Garland

Management

Chief Executive Officer	Hendrik Visser
Operations Manager	Jason Leong
Food & Beverage Manager	Lawson Job

Auditor of Accounts

CABEL Partners, 1 James Place, North Sydney.

Solicitors

Pigott Stinson, 10 Barrack St, Sydney

Bankers

Australia and New Zealand Banking Group Limited

Affiliation

Clubs NSW
Club Directors Institute
Clubs NSW Clubsafe

PRESIDENT'S REPORT 2017



I am pleased to present on behalf of the Board of Directors the Annual Report for the year ended 31 December 2017.

As fully detailed in the Treasurer's Report we recorded a full year after tax profit of \$226,288 which is a sound improvement (79.8%) over the 2016 results, and the Club continues to trade profitably. Prudent financial management, a strong Balance Sheet and Cash Flow is a critical success factor and the Board is confident that continued strong financial performance will continue throughout 2018.

As part of our Strategic journey the Board agreed to continue to improve the Club facilities and by the time of the AGM in March 2018 refurbishment of the Gold Bar, Bistro and Café Aqua, Reception and Club entrance should be very close to or completed. I am confident that Members will be very happy with the improvements to Club facilities.

During the year our esteemed Club Junior Vice President and President of the Sub Branch Ian Reese sadly passed away. Ian's contribution to both the Club and the Sub Branch over many years was exemplary and he will be sadly missed by all of us who had the pleasure of knowing him over the years. Ian had distinguished RAAF and Qantas careers and our deepest sympathy goes to Ian's wife Pam and family.

To fill the vacant Director position the Club Board invited Mr John Garland to join the Board on an interim basis until the next Director elections to be held in 2018. I would like to thank John for accepting our invitation.

As in previous years Balgowlah RSL is proud to have donated to over 50 local charities, schools, community and sporting groups. In 2017, this totalled \$128,618, and we are committed to continue to support our local community where appropriate.

I have mentioned on many occasions that our Club success comes in no small way from the commitment and loyalty of our staff, and I would like on behalf of the Board to acknowledge our Chief Executive Hendrik Visser, his Executive Management team of Jason Leong (Gaming & Operations Manager), Lawson Job (Food & Beverage Manager) and Shane Rider (Executive Chef), together with all Staff who work so hard to ensure member and guest satisfaction is of the highest standard.

In accordance with the Club Constitution I will be standing down as President of the Club at the AGM. My 4 years as President has been

a most enjoyable experience and I genuinely believe that we have achieved a great deal to ensure continued support our Members, Guests and the Community.

Over the past 4 years we have:

- Built a new Car Park
- Updated the outdoor gaming area
- Refurbished the Seaforth Function Centre
- Introduced the very successful Wine Room
- Refurbished the ground floor Gold Bar, Bistro, Aqua Café, Reception and Club entrance

Finally, to each Director, I have very much appreciated the strong support, commitment and professionalism you have all displayed during my term as President and wish the Club continued success in the years ahead.

See you at the Club



Bob Paterson
President

TREASURER'S REPORT 2017



I have pleasure in presenting the Balgowlah RSL Memorial Club Financial Statements which outline the financial position of the Club for the 2017 year, together with a comparison of the key business unit results for 2016.

The following Club Business Unit performance is summarised as follows:

Total Club Operations

Total Income \$12,411,186 (up 4.3% on 2016 \$11,897,605)

Profit after tax \$226,288 (up 79.8% on 2016 \$125,799)

The Income Tax rate however was 14.75% compared to 11.26% in 2016.

Club Operations:

Beverage Department

Total Income \$2,185,649 (up 20.6% on 2016 \$1,812,051)

Total profit \$634,444 (up 33% on 2016 \$476,832)

Bar sales were up 20.6 % of which The Wine Room trading contributed 13.9% of the sales increase.

Catering Department

Total Income \$2,581,985 (up 7.1% on 2016 \$2,410,811)

Profit \$70,373 (down 47% on 2016 \$132,967)

Although turnover was up by \$171,174, the higher Cost of Sales (9.1%) and wages (15.1%) contributed to the profit reduction of \$62,593.

Gaming Department

Income \$6,973,414 (down 1.5% on 2016 \$7,076,179)

Profit \$3,908,816 (down 0.8% on 2016 \$3,941,812)

Overall income (after GST) was slightly down 1.5% for the year but after new machines were installed the last 3 months in 2017 were up 11.6% on the same period in 2016.

Summary

There are issues to address particularly in the catering costs which will be a focus for 2018.

The Club renovations have just been completed and we look forward to expanding our operations into the future.

A handwritten signature in black ink that reads "Stephen H Brown". The signature is written in a cursive, flowing style.

Stephen H Brown
Treasurer

MINUTES OF THE FORTY FOURTH ANNUAL GENERAL MEETING

The 44th Annual General Meeting was held at 7pm, Monday 27th March 2017 at the premises of the Balgowlah RSL Memorial Club, 30–38 Ethel Street, Seaforth, New South Wales.

Present: 36 Members were present including 18 Class 1 Members and 18 Class 2 Members.

Business:

1. Apology recorded – Monica Ardill #2626.

2. To confirm and adopt the minutes of the 43rd Annual General Meeting held Monday 21st March 2016.

Motion to confirm Minutes of the 42nd Annual General Meeting held 30th March 2015. MOVED – D MORAN #1217; SECONDED – V DOUGHERTY #4827, THAT THE MINUTES BE TAKEN AS READ. MOTION CARRIED.

3. Business Arising from the minutes: Nil

4. To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31st December 2016

MOVED – D TRAVELLER #1347; SECONDED – B RENSHAW #131. MOTION CARRIED.

5. To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31st December 2016.

MOVED – D COWELL #5899; SECONDED – P REESE #10219. MOTION CARRIED.

6. There was no election for positions on the Board.

7. Ordinary Resolutions:

a) That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to Directors and such persons as from time to time the Directors shall authorise or approve:

The provision to Directors of a club tie, shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as Directors; food and refreshments at the conclusion of Board meetings; premium for Directors and Officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and

- b) The payment of Director honorariums be allocated as follows:
1. President honorarium \$4,800 per annum
 2. Treasurer honorarium \$4,800 per annum
 3. All other Directors honorarium of \$2,400 per annum

MOVED – B SMITH #303; SECONDED – M CARRUTHERS #1024.
MOTION CARRIED.

8 BUSINESS (with due notice given)

The Class 1 Members were asked to consider four Special Resolutions:

That the Constitution of Balgowlah RSL Memorial Club limited be amended by:

- (a) inserting the following new Rule 25.8:

“Any person who is elected or appointed to the Board, must, unless exempted, complete such mandatory training requirements for directors as required by the Regulations made under the Registered Clubs Act.”

- (b) inserting the following new Rule 33.1(i):

“fails to complete the mandatory training requirements for directors referred to in Rule 25.8 within the prescribed period (unless exempted).”

MOVED – D MORAN #1217; SECONDED – V DOUGHERTY #4827.

VOTE 14 IN FAVOUR; 0 AGAINST. MOTION CARRIED.

FIRST SPECIAL RESOLUTION

That the Constitution of Balgowlah RSL Memorial Club limited be amended by replacing the word and number, “Class 2” with the word, “Club” wherever they appear in the Constitution.

MOVED – B SMITH #303; SECONDED – V DOUGHERTY #4827.

VOTE 14 IN FAVOUR; 0 AGAINST. MOTION CARRIED.

SECOND SPECIAL RESOLUTION

That the Constitution of Balgowlah RSL Memorial Club limited be amended by deleting the word and number, “Class 3” wherever they appear in the Constitution.

MOVED – D MORAN #1217; SECONDED – B RENSHAW #131.

VOTE 14 IN FAVOUR; 0 AGAINST. MOTION CARRIED.

FOURTH SPECIAL RESOLUTION

That the Constitution of Balgowlah RSL Memorial Club limited be amended

(a) by deleting Rule 26.1 (j) which provides:

“If there be more than the required number nominated for any position, an election by secret ballot shall take place in respect of that position.”

and replacing it with the following new Rule 26.1 (j):

“If there be more than the required number nominated for any position, an election by secret ballot shall take place in respect of that position. The ballot shall be conducted in such manner and on such dates and during such times as may be determined by the Board from time to time.”

(b) by deleting 26.1 (l), (m), (n), (o), (q), (r), (s), (u), (x) and replacing them with the following:

(l) *The Returning Officer shall supervise the preparation of the ballot.*

(m) *The order in which the names appear on the ballot shall be determined by ballot conducted within view of members.*

(n) *A notice must be placed on the Club’s Notice Board confirming:*

i. the manner in which the election will be conducted;

ii. how members can vote in the election; and

iii. the dates and times that members can vote;

iv. any other details which are necessary for members to vote.

(o) *Deleted*

(q) In order to vote, a member must present a current membership card with photo identification to Club employees who will mark off the member’s name on the list of current financial members.

(r) *Deleted*

(s) *Deleted*

(u) *“The Returning Officer shall supervise the counting of votes and shall have regard to the fact that there shall be no less than two (2) Class 1 members and/or Class 1 Life members on the Board at any time.”*

(x) *Deleted*

MOVED – M CARRUTHERS #1024; SECONDED – B SMITH #303.

VOTE 14 IN FAVOUR; 0 AGAINST. MOTION CARRIED.

9 OTHER BUSINESS

Nil.

There being no further business, the meeting was closed at 7:33pm.

45TH ANNUAL GENERAL MEETING MEETING AGENDA

The 45th Annual General Meeting is to be held at 7:00pm, Monday 26th March 2018 at the premises of the Balgowlah RSL Memorial Club, 30-38 Ethel Street, Seaforth, New South Wales.

Business:

- 1 Apologies will be recorded but not read to the meeting.
- 2 To confirm and adopt the minutes of the 44th Annual General Meeting held Monday 27th March 2017.
- 3 Business Arising from the minutes: Nil
- 4 To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31 December 2017.
- 5 To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31 December 2017.
- 6 To declare all positions vacant on the Board of Directors;
- 7 To announce results of the ballot held for the Board of Directors;
- 8 To declare the successful candidates elected for the ensuing two years.
- 9 Ordinary Resolutions:

That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to directors and such persons as from time to time the directors shall authorise or approve:

- a) The provision to directors of club tie, shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as directors; food and refreshments at the conclusion of Board meetings; premium for directors and officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and
 - b) The payment of director honorariums be allocated as follows:
 - i. President honorarium \$4,800 per annum
 - ii. Treasurer honorarium \$4,800 per annum
 - iii. All other Directors honorarium of \$2400 per annum.
- 10 BUSINESS (With due notice given)

Resolution:

To consider and if thought fit, pass the following resolution, proposed by the Board of Directors:

Mr James Thomas Desmond McAteer be honoured with Life Membership of Balgowlah RSL Memorial Club.

The Club Board has proposed that Life Membership of Balgowlah RSL Memorial Club be bestowed upon Des McAteer in recognition of his exceptional contribution to the Club. Mr McAteer has been a Club Director for the past 14 years and during this time has held the positions of Club President 3 Years, Senior Vice President 6 years, Treasurer 3 years and Director 2 years. Mr McAteer's contribution over so many years has been outstanding and his commitment to the Club, its Members and the Community has been unwavering and is extremely deserving of this recognition. The Board of Directors ask that the Members recognise Mr McAteer's contribution by bestowing the honour of Life Membership of Balgowlah RSL Memorial Club.

NOTES TO MEMBERS IN RELATION TO THE RESOLUTION

- (a) To be approved, this Resolution must be passed by a two thirds majority of the members present and voting at the general meeting. (Constitution Clause 10.24)
- (b) Under the Registered Clubs Act members who are employees of the Club are not entitled to vote.
- (c) Proxy voting is prohibited by the Registered Clubs Act.
- (d) Amendments (other than minor typographical corrections or other amendments which do not change the substance or effect of the Resolution) will not be permitted from the floor of the meeting.
- (e) The Club Directors recommend this Resolution to members.

8. OTHER BUSINESS

Any other business may be discussed, but resolutions passed can only be made in the form of recommendations to the Board of Directors.

Light supper and refreshments will be served in the Gold Bar on Level 1 after the conclusion of the meeting.

CLUB GRANTS – DONATIONS (CATEGORY 1 AND 2) 2017

Balgowlah RSL Memorial Club is a proud supporter of our local community. The Club receives many applications for funding for each year. Priority is given to those community projects that will give the most benefit to the people of the Northern Beaches Local Government area.

This year we have supported over 50 local organisations focusing again on disadvantaged children, women's health and childhood cancer, as well as local schools and junior sporting groups.

Club Grants Category 1

- Australian Kookaburra Kids Foundation Ltd – *Children living with family with mental health issues*
- Autism Spectrum Australia – *Art Therapy Project for children with autism*
- Balgowlah Boys Campus – *Student mental health and well-being program*
- Fighting Chance Australia – *Work experience Program for young disabled*
- Lara Jeans Association – *Movie Mayhem for kids*
- Life Education NSW Ltd – *Life Education Workbooks*
- Manly Community Centre – *Women's shelter 'Building Blocks Program'*
- North Steyne Surf Life Saving Club – *Nippers and special needs nippers program*
- Parkinson's NSW Ltd – *Support group Meeting space*
- Queenscliff Surf Life Saving Club – *Nipper boards and swimming scholarships*
- St Vincent de Paul Society – *Supporting local disadvantaged school aged children*
- Taldumande Youth Services Inc. – *Homeless youth*
- The Dalwood Spilstead Centre – *Child's Play program*

Club Grants Category 2

Balgowlah RSL Associated Clubs

- Balgowlah RSL Fishing Club
- Balgowlah –Seaforth-Clontarf RSL Sub Branch
- Balgowlah –Seaforth-Clontarf RSL Sub Branch Women's Auxiliary
- Balgowlah RSL Toastmasters

Community Activity Groups

- Manly/Allambie Ladies Soccer Club
- Manly Seaside Baseball Club
- North Steyne SLSC – *Annual ocean swim*
- Queenscliff SLSC – *Annual swim for Saxon*
- Queenscliff Netball Club
- Seaforth Cricket Club
- Seaforth Football Club
- Manly Diggers Swimming Club
- Baringa Bush Community Garden

Community Support Recipients

- 1st Balgowlah Scouts
- 1st Seaforth Sea Scouts
- Active women touched by Cancer
- Balgowlah Rotary Club
- Balgowlah Bowling Club
- Bear Cottage
- Lions Club of Balgowlah
- Balgowlah Probus Club
- Manly Probus Club
- Seaforth Probus Club
- Manly Central Probus
- Manly District Probus
- Forest Kirk Uniting Church
- Manly West Public School
- Mackellar Girls High School
- Balgowlah Heights Public School
- Balgowlah North Public School
- Seaforth Public School
- St Cecilia's Catholic Primary School
- Clontarf Precinct Committee
- Northern Beaches TAFE
- Northern Beaches Country Music Club
- Northern Sydney Local Health
- Warringah Golf Club
- Veterans' Centre Northern Beaches

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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DIRECTORS' REPORT

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2017 and report as follows:

1. Board of Directors

The names and particulars of the Directors of the company in office at the date of this report are:

Name	Qualifications	Years as a Director of this Club	Special Responsibilities
R J Paterson FAIM, F FIN, JP	Retired Human Resources Executive	6	President
J T D McAteer	Manager	13	Senior Vice president
J P Ardill	Retired Company Director	10	Junior Vice President
I G Reese Deceased October 2017	Retired Airline Pilot	12	
G Stone	Retired Health Services Manager	1	Director
S H Brown	Retired Financial Controller	2	Treasurer
W D O'Brien	Retired Managing Director	3	Director
J W Garland	Business Director	1	Director

2. Board Meetings

The number of Board meetings and number of meetings attended by each of the Directors of the company during the 2017 financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
R J Paterson	16	16
J T D McAteer	16	16
I G Reese	9	8
J P Ardill	16	15
S H Brown	16	15
W D O'Brien	16	13
G Stone	16	16
J W Garland	5	5

* Reflects the number of Board meetings held during the time the Director held office.

Activities

The principal activity of the company during the year ended 31 December 2017 was Registered Club. There was no change in the principal activity during the year.

4. Results

The profit for the year after providing for income tax for the year ended 31 December 2017 was \$226,289.

5. Dividends

The company has no provision in its Constitution for the payment of dividends.

6. Review of Operations

The company made a profit after taxation of \$226,289 compared to \$125,799 in 2016 mainly due to:

- an increase in revenue of \$519,824 from 2016. Revenue for 2017 was \$11,784,678 (2016: \$11,264,854); and
- an increase in expenses (including tax expense) of \$419,334, Expenditure for 2017 was \$11,558,389 (2016: \$11,139,055).

The company incurred capital expenditure of \$909,818 financed by working capital and external facilities to refurbish its premises and upgrade its equipment.

7. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company for the year.

8. Matters subsequent to the end of the Financial Year

At the date of this report and in financial years subsequent to 31 December 2017, there are no matters or circumstances which have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- (i) the operations of the company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the company.

9. Future Developments

The Company will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

10. Indemnification of Directors and Officers

The company has provided for and paid premiums during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Director's and Officers' liability and legal expenses contract as such disclosure is prohibited under the terms of the contract.

11. Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

12. Auditor's Independence Declaration

CABEL Partners continues in office in accordance with Section 327 of the Corporations Law. A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included in the financial report.

13. Environmental Regulations

The company's operations are subject to various regulations under both Commonwealth and State legislation. The Directors are not aware of any significant breaches of legislation during this financial year.

14. Club Membership

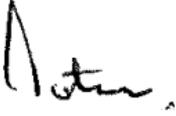
	2017	2016
Class 1	189	196
Life Member, Class 1	3	3
Club Members	11,575	11,412
Employee Members	5	11
Total Membership	11,772	11,622

The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the Constitution states that each member, or within one year thereafter, is required to

contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

At 31 December 2017, the collective amount members are liable to contribute if the company is wound up was approximately \$23,000 (2016: \$23,000 approximately).

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS and in accordance with its resolution:



R J Paterson – President



S H Brown – Treasurer

Dated at Balgowlah this 26th day of February 2018.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of **BALGOWLAH RSL MEMORIAL CLUB**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there has 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.

CABEL Partners

Chartered Accountants



Phillip Browne

Registered Company Auditor

phillip@cabel.com.au

North Sydney

Dated this 26th day of February 2018

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Revenue	2	11,784,678	11,264,854
Consumables used		(1,910,063)	(1,748,870)
Employee benefits expense	3	(4,112,190)	(3,872,614)
Depreciation and amortisation expenses		(1,055,026)	(980,980)
Finance costs	3	(15,938)	(43,634)
Other expenses		(4,426,013)	(4,477,002)
Profit before income tax		265,448	141,754
Tax expenses	4	(39,159)	(15,955)
Profit for the year after income tax expenses		226,289	125,799
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the Company		226,289	125,799



Providing certainty

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ABN 86 562 400 556

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	450,677	473,363
Trade and other receivables	8	148,343	114,270
Inventories	9	137,584	125,664
Current tax assets	10	3,158	26,914
Other assets	11	74,864	56,114
TOTAL CURRENT ASSETS		814,626	796,325
NON-CURRENT ASSETS			
Property, plant and equipment	12	19,651,054	19,796,263
Intangible assets	13	160,000	160,000
Deferred tax assets	10	29,574	30,003
TOTAL NON-CURRENT ASSETS		19,840,628	19,986,266
TOTAL ASSETS		20,655,254	20,782,591
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,072,527	1,031,435
Borrowings	15	319,441	643,959
Provisions	16	214,430	215,167
TOTAL CURRENT LIABILITIES		1,606,398	1,890,561
NON-CURRENT LIABILITIES			
Borrowings	15	126,931	185,427
Provisions	16	282,297	293,264
TOTAL NON-CURRENT LIABILITIES		409,228	478,691
TOTAL LIABILITIES		2,015,626	2,369,252
NET ASSETS		18,639,628	18,413,339
EQUITY			
Reserves	17	4,576,243	4,576,243
Retained earnings		14,063,385	13,837,096
TOTAL EQUITY		18,639,628	18,413,339

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 January 2016	13,711,297	4,576,243	18,287,540
Comprehensive income			
Profit of the year	125,799	-	125,799
Total comprehensive income for the year attributable to members	125,799	-	125,799
Balance at 31 December 2016	13,837,096	4,576,243	18,413,339
Balance at 1 January 2017	13,837,096	4,576,243	18,413,339
Comprehensive income			
Profit for the year	226,289	-	226,289
Total comprehensive income for the year attributable to members	226,289	-	226,289
Balance at 31 December 2017	14,063,385	4,576,243	18,639,628

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from Club Operations		12,131,921	12,059,539
Payments to Suppliers and Employees		(11,223,119)	(10,865,710)
Rent Received		273,555	212,041
Interest and Finance Charges Paid		(15,938)	(43,634)
Income Taxes Refund/(Paid)		(39,159)	(58,608)
Interest received		371	10,247
Net cash provided by operating activities		1,127,631	1,313,875
Cash flows from investing activities			
Payment for Property, Plant and Equipment		(909,818)	(1,360,776)
Proceeds from disposal of property, plant and equipment		65,077	59,697
Net cash provided by (used in) investing activities		(844,741)	(1,301,079)
Cash flows from financing activities			
Proceeds from/(Repayments of) Borrowings – Bank		(305,576)	(500,000)
Proceeds from/(Repayments of) Borrowings – Other		-	47,416
Proceeds from/(Repayments of) Borrowings – Chattel Mortgage (Bank)		-	302,547
Net cash provided by (used in) financing activities		(305,576)	(150,037)
Net increase (decrease in cash held)		(22,686)	(137,241)
Cash and cash equivalents at beginning of financial year		473,363	610,604
Cash and cash equivalents at end of financial year		450,677	473,363

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The financial statements cover Balgowlah RSL Memorial Club as an individual entity. Balgowlah RSL Memorial Club is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements have been authorised by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the Australian Accounting Standards Board (AASB). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. 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 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.

(a) Going Concern

As at 31 December 2017, current liabilities exceeded current assets by \$791,722 (2016: \$1,094,236) and total assets exceeded total liabilities by \$18,639,628 (2016: \$18,413,339). The directors have a capex plan which uses where possible cash generated from operating activities to fund that expenditure. The effect on working capital is that funds are drawn from capex. Additionally debt reduction program is at a high rate. The Directors have prepared these accounts on a going concern basis as there is a positive cash flow surplus from operating activities of \$1,127,631 (2016: \$1,313,875) and the budget for 2018 indicates a trading profit and cash flow surplus which the directors expect to be achieved.

(b) Income Tax

The company's liability for income tax arises for a substituted accounting financial year ending 30 June and relies on the continuing acceptance by the Australian Taxation Office of the mutuality principle. It is calculated on the net income

from non-members plus income from rentals and interest, less deductions claimable under the Income Tax Assessment Act.

The income tax expense for the year ended 31 December 2017 is \$39,159 (2016: \$15,955). Tax is paid by instalments. As at 31 December 2017 there is a tax refund expected of \$3,158 (2016 \$26,914).

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there may be future taxable income available to recover the asset.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) 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.

Property

Freehold land is carried at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less accumulated depreciation for buildings.

Club Buildings and Renovations are stated at historical costs less depreciation. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Plant and Equipment

Plant, Equipment, Furniture are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset:	Depreciation Rate
Buildings	2.5%
Plant and Equipment (at cost)	10%–20%
Poker Machines (at cost)	10%–20%
Computer Software (at cost)	5%–25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in statement of profit and 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.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, and impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair values less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

(g) Intangibles Other Than Goodwill Gaming

Machine Entitlements

Gaming Machine Entitlements acquired are initially recorded at the purchase price at the date of acquisition. Gaming Machine Entitlements are tested annually for impairment and carried at cost less accumulated impairment losses. Gains or losses and impairment on the disposal of Gaming Machine Entitlements will be charged to the Statement of Profit or Loss and Other Comprehensive Income.

(h) Employee Benefits

- (i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.
- (ii) Long service leave
The liability for long service leave is recognised in the provision for employee entitlements as a non current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.
- (iii) Superannuation
The company contributes to accumulation superannuation plans in accordance with legal obligations.

(i) 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.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks.

(k) Revenue and Other Income

Revenue from subscriptions from members and associates are recognised in the year to which it relates while revenue from sale of goods is recognised upon the delivery of goods to customers. Member bonuses are treated as an expense, when redeemed, not when granted.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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

Other Income

Income from other sources is recognised when the fee in respect of other products or services provided is receivable.

(l) Subscriptions in Advance

All subscriptions in advance are treated as current liabilities in accordance with company policy.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgements

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

Key Estimates

(i) Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards

and Interpretations that have mandatory application dates for future reporting periods. The company has decided to adopt the new standards when they become mandatory.

(q) 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 at year end. These amounts are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest method.

(s) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis and if there are any debts known to be uncollectible, they are written off.

		2017 \$	2016 \$
2. REVENUE AND OTHER INCOME			
Sales Revenue:			
Sale of Goods		4,767,634	4,222,861
Other Revenue:			
Rental Revenue		273,555	212,041
Interest Received	2(a)	371	10,247
Subscription and Entrance Fee		75,901	106,575
Gaming Revenue		6,973,414	7,076,179
Other Revenue	2(b)	105,470	48,785
Poker Machine GST Expense		(626,510)	(632,752)
Commission and Sundry Income		214,843	220,918
Total Revenue		11,784,678	11,264,854
(a) Interest received from:			
Other corporations		371	10,247
(b) Profit on disposal of property, plant and equipment		65,077	12,926

		2017 \$	2016 \$
3. PROFIT FOR THE YEAR			
Profit before income tax from continuing operations includes the following specific expenses:			
Expenses:			
Interest expense on financial liabilities not at fair value through profit or loss:			
External		15,938	43,634
Total finance costs		15,938	43,634
Wages and Salaries		3,257,316	3,085,697
Other associated personnel expenses		254,252	216,265
Contributions to superannuation plans		324,988	304,058
Employee leave benefits paid		287,337	242,304
Increase/(Decrease) in liability for employee benefits		(11,703)	24,290
Employee benefits expense		4,112,190	3,872,614
4. TAX EXPENSE			
(a) The components of tax expense comprise:			
Current tax		(39,159)	(15,955)
(b) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit before income tax			
At 27.5% (2016: 30%)		72,998	42,526
Add tax effect of:			
Deferred tax assets recognised in the accounts		(429)	54
		72,569	42,580
Less tax effect of:			
Tax effect of non-deductible and non-assessable items (including portion attributable to members)		33,410	24,261
Under / (over provision) in tax expense in prior year		-	2,364
Income tax expense attributable to entity		39,159	15,955
5. KEY MANAGEMENT PERSONNEL COMPENSATION			
Short term benefits		226,523	217,866
Post employment benefits		20,329	20,003
Other long-term benefits		69,971	66,447
Total compensation		316,823	304,316

		2017 \$	2016 \$
6. AUDITOR'S REMUNERATION			
Remuneration of the auditor:			
Auditing and compilation of the financial report		29,353	28,407
Taxation services		1,800	1,800
		31,153	30,207
7. CASH AND CASH EQUIVALENTS			
Cash on Hand		190,000	170,000
Cash at Bank		260,677	303,363
		450,677	473,363
8. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade Debtors and Accrued Income		148,343	114,270
9. INVENTORIES			
CURRENT			
At cost:			
Stock on hand		137,584	125,664
10. TAX			
Assets			
CURRENT			
Income Tax		3,158	26,914
Deferred Tax Asset			
Provisions			
Opening balance		30,003	29,949
Charged to income		(429)	54
Closing balance		29,574	30,003
Balance at year end		29,574	30,003
11. OTHER ASSETS			
CURRENT			
Prepayments		74,864	56,114
12. PROPERTY, PLANT AND EQUIPMENT			
Freehold land (at valuation)		6,050,000	6,050,000
Club Buildings (at cost)		18,719,742	18,370,264
Less accumulated depreciation		(7,331,151)	(6,822,960)
		11,388,591	11,547,304
Total land and buildings		17,438,591	17,597,304
Plant and Equipment (at cost)		2,020,633	1,887,670
Less accumulated depreciation		(1,421,697)	(1,288,026)
		598,936	599,644
Poker Machines (at cost)		3,024,357	2,838,170

		2017 \$	2016 \$
Less accumulated depreciation		(1,492,907)	(1,377,172)
		1,531,450	1,460,998
Computer software (at cost)		376,468	374,058
Less accumulated depreciation		(294,391)	(235,741)
		82,077	138,317
Total plant and equipment		2,212,463	2,198,959
Total property, plant and equipment		19,651,054	19,796,263

a) Core Property

The Company's core property is at 30–38 Ethel Street, Seaforth NSW 2092. Core property defined in section 41J of the Registered Clubs Amendment Act 2006 and includes the defined premises of the Club and the facilities provided for Club Members.

(b) Movements in carrying amounts

For disclosure on movement in carrying amounts please refer to note 27(a) at the end of this financial report.

(c) Asset revaluations

Valuation of Land

The company's land was revalued on 9th February 2015 by independent valuers, Dobrow Valuations Pty Limited. Valuations were made on the basis of open market value. The revaluation surplus was credited to the revaluation reserve.

		2017 \$	2016 \$
13. INTANGIBLE ASSETS			
Poker Machine Entitlements – at cost		160,000	160,000
Less accumulated amortisation and impairment		-	-
		160,000	160,000
Reconciliation of poker machine entitlements – at cost			
Balance at beginning of year		160,000	160,000
Additions – at cost		-	-
Disposals		-	-
Amortisation charge		-	-
Impairment losses		-	-
Closing carrying value at 31 December 2017		160,000	160,000

		2017 \$	2016 \$
14. TRADE AND OTHER PAYABLES			
CURRENT			
Goods and Services Tax (Net)		168,831	127,303
Other Creditors and Accruals		377,030	299,592
Trade Creditors		364,072	450,012
Subscriptions in Advance		106,596	98,530
Rent Income in Advance		55,998	55,998
		1,072,527	1,031,435
15. BORROWINGS			
CURRENT			
Bank Loan (Secured)		239,998	458,333
Other Loans (Term Creditors – Interest Free)		79,443	185,626
Total Current Borrowings		319,441	643,959
NON-CURRENT			
Other Loans (Term Creditors – Interest Free)		126,931	185,427
Total Non-Current Borrowings		126,931	185,427
Total Borrowings		446,372	829,386

- (a) At year end, the company holds a secured finance facility of \$1,870,000 which comprises \$1,200,000 for a tailored commercial facility with fixed interest rate of 3.96% pa until October 2021.

The facility is secured by first mortgage over the property situated at 30–38 Ethel Street, Balgowlah and first registered charge being a fixed and floating charge over all present, future assets and undertakings of the company. The principal repayment will be \$30,000 per month, commencing 1st July 2018.

At year end \$960,000 of the finance facility was unused.

- (b) The term creditors and chattel mortgage are effectively secured as the rights to the assets recognised in the financial statements revert to the supplier/lender in the event of default. The assets acquired from term creditors and by chattel mortgage are held with a carrying value of \$301,919.04 under credit terms within one to three years. These assets become the property of the company upon full settlement of the outstanding instalments.

The liability for the chattel mortgage is stated gross of prepaid interest charges of \$191,678.04.

		2017 \$	2016 \$
16. PROVISIONS			
CURRENT			
Employee Entitlements		214,430	215,167
NON-CURRENT			
Employee Entitlements		282,297	293,264
		2017	
Employee Entitlements			
Opening balance at 1 January 2017		508,431	
Net movement		(11,704)	
Balance at 31 December 2017		496,727	
17. RESERVES			
Analysis of Each Class of Reserves			
Asset Revaluation Reserve		4,576,243	4,576,243
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 12(c). The balance standing to the credit of the reserve is not distributable.			
18. LEASING COMMITMENTS			
(a) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable:			
not later than 12 months		5,220	5,220
between 12 months and five years		2,010	7,230
		7,230	12,450

The operating lease is for the telephone system.

19. CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

		2017 \$	2016 \$
Bank Guarantees			
The company has given a bank guarantee to TAB Limited		5,000	5,000
Member's rewards point			
Value of points yet to be redeemed by members		20,548	65,318

Claims

A claim for \$32,920 was received in 2016 which was disputed but settled during 2017 for \$20,000.

20. EVENTS AFTER THE REPORTING PERIOD

Matters subsequent to the end of the Financial Year

At the date of this report, there are no matters or circumstances which have arisen since 31 December 2017 that have significantly affected or may significantly affect:–

- (i) the operations of the Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company in financial years subsequent to 31 December 2017.

21. OPERATING SEGMENTS

The Company operates as a licensed club and operates in one geographical area, being Seaforth, New South Wales, Australia.

22. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of non-derivative instruments, namely deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Financial Risk Management Policies

Specific Financial Risk Exposures and Management

(a) Credit risk

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(b) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

		2017 \$	2016 \$
<i>Financial liability and financial asset maturity analysis</i>			
		Within 1 Year	
Financial liabilities due for payment			
Bank Loans		239,998	458,332
Term Creditors		-	68,507
Chattel Mortgage – Bank		79,443	117,120
Total contractual outflows		319,441	643,959
Total expected outflows		319,441	643,959
Net (outflow)/inflow on financial instruments		(319,441)	(643,959)
		1 to 5 years	
Financial liabilities due for payment			
Bank Loans		-	-
Term Creditors		-	-
Chattel Mortgage – Bank		66,823	185,427
Total contractual outflows		66,823	185,427
Total expected outflows		66,823	185,427
Net (outflow)/inflow on financial instruments		(66,823)	(185,427)
		Total	
Financial Liabilities			
Bank Loans		239,998	458,332
Term Creditors		-	68,507
Chattel Mortgage – Bank		146,266	302,547
Total contractual outflows		386,264	829,386
Total expected outflows		386,264	829,386
Net (outflow)/inflow on financial instruments		(386,264)	(829,386)

Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are as per the carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

23. FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold Land

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuations Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches.

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the

current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Level 2 Recurring fair value measurements	Note	2017 \$	2016 \$
Non-financial assets			
Freehold Land	11	6,050,000	6,050,000
Total non-financial assets recognised at fair value on a recurring basis		6,050,000	6,050,000
Liabilities			
Borrowing	15	386,264	829,386
Total liabilities recognised at fair value		386,264	829,386

The company does not include fair value information for financial assets and financial liabilities such as short term trade debtors, cash and cash equivalents and payables because their carrying amounts are reasonable appropriation of fair value.

24. COMPANY DETAILS

The registered office and principal place of business of the company is:

Balgowlah RSL Memorial Club
30–38 Ethel Street
SEAFORTH NSW 2092

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

A Directors

The names of each person holding the position of Director of Balgowlah RSL Memorial Club during the financial year are:

R J Paterson, J T D McAteer, J P Ardill, S Brown, W D O'Brien, G Stone, J Garland (Appointed October 2017)

IG Reese (deceased).

B Remuneration of Directors

Benefits were received by Directors from transactions including meals and refreshments following Directors' and Committee meetings and Company functions attended by Directors on behalf of the Company. Benefits were also received by the close members of a former director in relation to a memorial service organised by the company in commemoration of the time he served as a director.

Directors are paid a nominal honorarium of \$200 per month, while the Club President and the treasurer receive \$400 per month.

The aggregate amount brought to account was \$26,957.

No other transactions occurred with Directors of director related parties during the year.

C Related Party Transactions

During the year no Director of the company or related parties provided any goods or services to the company in exchange for payment.

The Company has a related party relationship with Balgowlah Seaforth Clontarf RSL Sub Branch (Sub Branch) as two of the Directors must be members of the Sub Branch as per the Company's constitution. During the year ended 31 December 2017, donations were made to the Sub Branch of \$4,000 (2016: \$5,645). The Sub Branch occupies part of the Club's premises free of charge and its members' subscription collection is effected by the Company at no cost. No other transaction have occurred between the parties.

D Key Management Personnel Compensation

No Board member received any remuneration from the company during the year, however Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and drinks on a complementary basis.

E Key Management Personnel

Key management personnel remuneration (as shown in Note 5) comprises the honorariums paid to Directors, and the remuneration of the General Manager.

26. CASH FLOW INFORMATION	2017	2016
	\$	\$
Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	226,289	125,799
Non-cash flows in profit:		
Depreciation and Amortisation	1,055,026	980,980
Profit on disposal of property, plant and equipment	(65,077)	(12,926)
Changes in assets and liabilities:		
(Increase)/Decrease in Trade Debtors and Accrued Income	(34,073)	(24,204)
(Increase)/Decrease in Stock in Hand	(11,920)	5,430
Increase/(Decrease) in Trade and Other Payables	(36,346)	265,820
(Increase)/Decrease in Prepayments	(18,749)	(8,661)
Increase/(Decrease) in Provision for Income Tax	23,756	(42,599)
Increase/(Decrease) in Other Provisions	(11,704)	24,290
Increase/(Decrease) in Deferred Tax Assets	429	(54)
Net cash provided by operating activities	1,127,631	1,313,872

27. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant and equipment:

	Freehold Land (at valuation) \$	Club Buildings (at cost) \$	Plant and Equipment (at cost) \$	Poker Machines (at cost) \$	Computer Software (at cost) \$	Total \$
Balance 1 January 2016	6,050,000	11,375,427	667,281	1,175,698	194,831	19,463,237
Additions	0	643,245	92,204	621,615	3,712	1,360,776
Disposals	0	(20,000)	(9,839)	(16,932)	0	(46,771)
Depreciation expense	0	(451,368)	(150,002)	(319,383)	(60,226)	(980,979)
Carrying amount at 31 December 2016	6,050,000	11,547,304	599,644	1,460,998	138,317	19,796,263
Additions	0	349,478	140,158	454,082	2,409	946,127
Disposals	0	0	(156)	(32,982)	(3,172)	(36,310)
Depreciation expense	0	(508,191)	(140,710)	(350,648)	(55,477)	(1,055,026)
Carrying amount at 31 December 2017	6,050,000	11,388,591	598,936	1,531,450	82,077	19,651,054

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Balgowlah RSL Memorial Club, the directors of the company declare that:

1. The financial statements and notes, which comprise the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001; and
 - comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements; and
 - give a true and fair view of the financial position as at 31 December 2017 and of the performance for the year ended on that date of the company.
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.

Director



R J Paterson – President

Director



S Brown – Treasurer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BALGOWLAH RSL MEMORIAL CLUB

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of **Balgowlah RSL Memorial Club** (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the 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 **Balgowlah RSL Memorial Club** has been prepared in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2017 and if its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standard, 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*, has been given to the directors of **Balgowlah RSL Memorial Club**, would be in the same terms if given to the directors as at the time of this auditor's report.

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

- 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.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 a 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 risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within in the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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. There were no significant findings or deficiencies to report.

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

**CABEL Partners
Chartered Accountants**



Phillip Browne

Registered Company Auditor

phillip@cabel.com.au

North Sydney

Dated this 26th February 2018



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