




## ANNUAL REPORT

# 2018



**BALGOWLAH RSL MEMORIAL CLUB**

30-38 Ethel St Seaforth NSW 2092

02 9949 5477 | [www.balgowlahrsl.com.au](http://www.balgowlahrsl.com.au) | Like us 

## ANNUAL REPORT

### DIRECTORY

<b>Registered Office</b>	30-38 Ethel St, Seaforth, NSW, 2092
<b>Postal Address</b>	PO Box 72, Seaforth, NSW, 2092
<b>Telephone</b>	02 9949 5477
<b>Facsimile</b>	02 9949 9211
<b>Website</b>	<a href="http://www.balgowlahrsl.com.au">www.balgowlahrsl.com.au</a>
<b>Email</b>	<a href="mailto:info@balgowlahrsl.com.au">info@balgowlahrsl.com.au</a>

### BOARD OF DIRECTORS

<b>President</b>	Des McAteer
<b>Senior Vice President</b>	Bob Paterson FAIM, F FIN, JP
<b>Junior Vice President</b>	John Ardill
<b>Treasurer</b>	Stephen Brown
<b>Director</b>	Graham Stone
<b>Director</b>	John Garland
<b>Director</b>	Bryan Renshaw

### MANAGEMENT

<b>Chief Executive Officer</b>	Hendrik Visser
<b>Operations Manager</b>	Jason Leong
<b>Food &amp; Beverage Manager</b>	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

## PRESIDENTS REPORT

Greetings to you our members.

It is my pleasure on behalf of the Board of Directors to present the Annual Report for the year ended 31 December 2018.



As you will see in the Treasurers Report we recorded an after tax profit of \$276,879 for 2018 up 22.4% on 2017. This was achieved despite all the disruptions of the refurbishments earlier in the year especially with the Bistro, functions and coffee shop being closed for three months. I thank you all for persevering with us throughout the building works and hope you will all now be able to enjoy the new upgraded facilities.

It is pleasing to see our total membership at the end of 2018 standing at 12,929, up 1,157 on 2017.

Balgowlah RSL Memorial Club continues to donate to 48 local groups which include charities, sporting groups, schools and community groups, giving a total \$136,000. One of the donation highlights this year was our Club being the main contributor to the Invictus Games Family welcoming event held at the Quarantine Station at Manly, and hosted by our State Member of Parliament James Griffin in October 2018.

I would like to thank my fellow Directors for their support and efforts in 2018. To the CEO Hendrik Visser, Operations Manager Jason Leong, Food and Beverage Manager Lawson Job, Executive Chef Shane Rider and all our wonderful staff a big thank you from me on behalf of the Board of Directors for your amazing dedication and hard work this past year.

I would like to offer my condolences to those who have lost someone close to them this past year and my best wishes to those who are unwell and hope you have a speedy and full recovery.

I would like to thank you all for allowing me to be your President again and to give you my, and the Boards commitment in 2019 of steering our Club through the challenges ahead and planning for our future for the next 5 to 25 years.

I hope to see you all enjoying your Club soon.

A stylized, handwritten signature in black ink, appearing to read 'Des McAteer'.

**Des McAteer**  
**President**

## TREASURER'S REPORT

I present the Balgowlah RSL Memorial Club Financial Statements which outline the financial position of the Club for the 2018 year, together with a comparison of the key business unit results for 2017.



The following Club Business Unit performance is summarised as follows:

### Total Club Operations

Total Income \$13,341,131 (up 5.3% on 2017 \$12,670,900)

Profit after tax \$276,879 (up 22.4% on 2017 \$226,288)

The Income Tax rate however was 15.29% compared to 14.75% in 2017.

### Club Operations:

#### Beverage Department

Total Income \$2,251,844 (up 3% on 2017 \$2,185,649)

Total profit \$734,831 (up 15.8% on 2017 \$634,444)

#### Catering Department

Total Income \$2,559,883 (down 0.9% on 2017 \$2,581,985)

Profit \$61,078 (down 13.2% on 2017 \$70,373)

Turnover was slightly down by \$22,102 due to renovations in early 2018 but the higher Cost of Sales (2.5%) meant the GP% fell from 62.8% to 60.7%. Wages increased 3.6%.

#### Gaming Department

Income \$7,816,875 (up 12.1% on 2017 \$6,973,414)

Profit \$4,391,279 (up 12.3% on 2017 \$3,908,816)

A handwritten signature in black ink, which appears to read "Stephen H Brown". The signature is fluid and cursive.

**Stephen H Brown**  
Treasurer

## MINUTES OF MEETING

### 45TH ANNUAL GENERAL MEETING

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

**Present:** 47 Members were present including 16 Class 1 Members and 31 Club Members.

#### BUSINESS

1. Apologies recorded – Dianne Traveller, Oswald Doherty, Colin Waterhouse.
2. To confirm and adopt the minutes of the 44th Annual General Meeting held Monday 27th March 2017.  
RESOLVED THAT THE MINUTES BE TAKEN AS READ. MOVED A BALL #7618; SECONDED – C FRANCIS #5044. 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 2017. MOVED – J McDONALD #3353; SECONDED – D COWELL #5898. 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 2017.

CEO, H Visser, addressed the members and informed them that the Board of Directors had called an extraordinary general meeting on 1st May 2018 to allow members time to address the financial reports.

6. To declare all positions vacant on the Board of Directors.

President Bob Paterson addressed the members to advise that his four years as Club President has come to an end and that he would continue on the Board as Senior Vice President. He praised the members of his Board and discussed the passing of Ian Reese and his contribution to the Club and RSL Sub Branch. Mr Paterson discussed the achievements in the past four years including new car park, renewed function rooms, Wine Room, Gold bar, Bistro, Café and gaming room. There were over 50 recipients of donations totalling \$129,000.

Mr Paterson declared all positions on the Board vacant and asked the Directors to stand down while the CEO announced the results of the Board elections.

Board of Director Election for directors for the next two years. The results are as follows:

President	Des McAteer	Unopposed
Senior Vice President	Bob Paterson	Unopposed
Junior Vice President	John Ardill	Class 1 Unopposed
Treasurer	Stephen Brown	Unopposed
Director Candidates:	Votes:	
	Gary Jones	85
	William O'Brien	95
	John Garland	174 Elected
	Georgina Ewing	133
	Bryan Renshaw	102 Class 1 Elected
	<u>Graham Stone</u>	<u>169 Elected</u>
	Total formal votes	758
	Total Members voted	346

## 7. 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:

- i. 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
- ii. 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 \$2400 per annum.

RESOLVED THAT THE ORDINARY RESOLUTIONS BE ADOPTED.

MOVED – B SMITH #303; SECONDED – K HEARN DEN #2512.  
MOTION CARRIED.

## 8. BUSINESS (With due notice given)

### Special Resolution:

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

Senior Vice President Bob Paterson addressed the meeting:

"The Club Board has proposed that Life Membership of Balgowlah RSL Memorial Club be bestowed upon James Thomas Desmond

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".

Bob Paterson asked Des McAteer to leave the room while the members voted.

THE SPECIAL RESOLUTION WAS MOVED BY D RICHARDS #6845; SECONDED BY B SMITH #303. VOTE WAS UNANIMOUS. MOTION CARRIED.

Des McAteer was presented with the Life Member lapel pin. Des thanked the members for the honour of Life Membership.

## **9. OTHER BUSINESS**

Mr Les Rennie #44 addressed the meeting to compliment the outgoing Board of Directors on the club renovations and the financial report for 2017.

Mr David Cowell #5899 complimented Bob Paterson's contribution to the Community Activities Group over the past four years and thanked him for his presidency and the ongoing support from Balgowlah RSL to the North Steyne Surf Life Saving Club. David congratulated Des on his appointment as President.

## **10. MEETING CLOSE**

The meeting closed at 7:25pm.

## MINUTES OF EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting was held at 6:05pm, Tuesday 1st May 2018 at the premises of the Balgowlah RSL Memorial Club, 30-38 Ethel Street, Seaforth, New South Wales.

**Present:**

25 Members were present.

**Business:**

- (a) To receive, consider and adopt the Directors Report and Statement for the year ended 31st December 2017.  
Moved Barry Smith #303; Seconded Jack Nash #30. Motion Carried.
- (b) To receive, consider and adopt the Financial Statements for the year ended 31st December 2017, including:
  - o The Annual Profit and Loss Account
  - o The Balance Sheet
  - o The Statement of Cash Flows
  - o The Auditor's Report

Moved John David #1069; Seconded James Rush #10726. Motion Carried.

**Other Business:**

Nil

**Meeting Close:**

There being no further business, the meeting closed at 6:08pm.



## CLUB GRANTS – DONATIONS 2018

Balgowlah RSL Memorial Club is a proud supporter of our local community. The Club receives many applications for funding for each year and 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 the Club asked Members for extra help to raise money for farmer drought relief. Together we raised \$30,000 to send three semi-trailer loads of hay to farmers in Hunter Valley and Dubbo in NSW.

In 2018 we have supported 48 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

- Autism Spectrum Australia – *Art Therapy Project for children with autism*
- Balgowlah Boys Campus – *Student mental health and well being program*
- Bear Cottage Manly – *Hospice for Children with terminal illness*
- Cerebral Palsy Alliance – *Accessible gym and exercise program*
- Fighting Chance Australia – *Work experience Program for young disabled*
- Lifeline Northern Beaches – *Suicide Prevention & Problem Gambler Assistance*
- 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*
- Northern Sydney Local Health – *Community wellbeing initiatives*
- 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*
- The Dalwood Spilstead Centre – *Child's Play program*
- Rural Aid Australia – *supporting Farmers Drought Appeal*

### 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

Queenscliff Netball 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 RSL Country Music *Cancer Research Appeal*

Balgowlah Rotary Club

Clontarf Precinct

Lions Club of Balgowlah

Probus Club of Balgowlah

Probus Club of Manly

Probus Club of Seaforth

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

Seaforth Bowling Club

St Cecilia's Catholic School

Clontarf Precinct Committee

Northern Beaches TAFE

Northern Beaches Country Music Club

Northern Beaches Secondary College

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**BALGOWLAH RSL MEMORIAL CLUB**  
ABN 92 001 074 184

**CONTENTS**

Directors' Report

Auditor's Independence Declaration

Statement of Profit and Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Auditor's Report

## DIRECTORS' REPORT

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2018 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
J T D McAteer	Manager	14	President
R J Paterson FAIM, F FIN, JP	Retired Human Resources Executive	7	Senior Vice President
J P Ardill	Retired Company Director	11	Junior Vice President
S H Brown	Retired Financial Controller	3	Treasurer
G Stone	Retired Health Manager	2	Director
J W Garland	Company Director	2	Director
B Renshaw	Retired Customs Officer	11	Director

### 2. Board Meetings

The number of Board meetings and number of meetings attended by each of the Directors of the company during the 2018 financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
R J Paterson	15	12
J T D McAteer	15	15
J P Ardill	15	15
S H Brown	15	14
G Stone	15	14
J W Garland	15	15
B Renshaw	12	11
W D O'Brien	3	2

### **3. Activities**

The principal activity of the company during the year ended 31 December 2018 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 2018 was \$276,878.

### **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 \$276,878 compared to \$226,289 in 2017 mainly due to:

- an increase in revenue of \$856,979 from 2017. Revenue for 2018 was \$12,641,657 (2017: \$11,784,678); and
- an increase in expenses (including tax expense) of \$806,390. Expenditure for 2018 was \$12,364,779 (2017: \$11,558,389).

The company incurred capital expenditure of \$2,092,048 financed by working capital and external loan 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 2018, there are no matters or circumstances which have arisen since 31 December 2018 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.

#### 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	2018	2017
Class 1 Members	179	192
Club Members	12,746	11,575
Employee Members	4	5
Total Membership	12,929	11,772
Membership has increased by 1,157 or 9.8%		

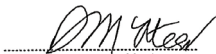
#### 15. Compulsory Director Training

Part 6 of the *Registered Clubs Regulation 2015* requires the club to inform members that all directors and the CEO have completed extensive director training courses run by Clubs NSW.

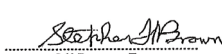
The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the Constitution states that each member, or within one year thereafter, is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

At 31 December 2018, the collective amount members are liable to contribute if the company is wound up was approximately \$26,000 (2017: \$23,000 approximately).

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



**J T D McAteer – President**



**S H Brown – Treasurer**

Dated at Balgowlah 6th March 2019

## 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 2018 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 Auditor**  
phillip@cabel.com.au

**North Sydney**  
Dated 6th March 2019

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue	2	12,641,657	11,784,678
Consumables used		(1,879,491)	(1,910,063)
Employee benefits expense	3	(4,277,195)	(4,112,190)
Depreciation and amortisation expenses		(1,173,182)	(1,055,026)
Finance costs	3	(49,458)	(15,938)
Other expenses		(4,935,472)	(4,426,013)
<b>Profit before income tax</b>		326,859	265,448
Tax expenses	4	(49,981)	(39,159)
<b>Profit for the year after income tax expenses</b>		276,878	226,289
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income attributable to members of the Company</b>		276,878	226,289



## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	751,441	450,677
Trade and other receivables	8	53,434	148,343
Inventories	9	126,704	137,584
Current tax assets	10	-	3,158
Other assets	11	63,238	74,864
<b>TOTAL CURRENT ASSETS</b>		<b>994,817</b>	<b>814,626</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	20,549,807	19,651,054
Intangible assets	13	160,000	160,000
Deferred tax assets	10	28,310	29,574
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,738,117</b>	<b>19,840,628</b>
<b>TOTAL ASSETS</b>		<b>21,732,934</b>	<b>20,655,254</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,068,623	1,072,527
Borrowings	15	518,940	319,441
Provisions	16	232,246	214,430
Current Tax Liability	10	31,212	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,851,021</b>	<b>1,606,398</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	717,282	126,931
Provisions	16	248,125	282,297
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>965,407</b>	<b>409,228</b>
<b>TOTAL LIABILITIES</b>		<b>2,816,428</b>	<b>2,015,626</b>
<b>NET ASSETS</b>		<b>18,916,506</b>	<b>18,639,628</b>
<b>EQUITY</b>			
Reserves	17	4,576,243	4,576,243
Retained earnings		14,340,263	14,063,385
<b>TOTAL EQUITY</b>		<b>18,916,506</b>	<b>18,639,628</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained Earnings \$	Reserves \$	Total \$
<b>Balance at 1 January 2018</b>	14,063,385	4,576,243	18,639,628
<b>Comprehensive income</b>			
Profit for the year	276,878	-	276,878
<b>Total comprehensive income for the year attributable to members of the company</b>	276,878	-	276,878
<b>Balance at 31 December 2018</b>	14,340,263	4,576,243	18,916,506
<b>Balance at 1 January 2017</b>	13,837,096	4,576,243	18,413,339
<b>Comprehensive income</b>			
Profit of the year	226,289	-	226,289
<b>Total comprehensive income for the year attributable to members of the company</b>	226,289	-	226,289
<b>Balance at 31 December 2017</b>	14,063,385	4,576,243	18,639,628

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Receipts from Club Operations	13,010,695	12,131,921
Payments to Suppliers and Employees	(11,731,593)	(11,223,119)
Rent Received	286,068	273,555
Interest and Finance Charges Paid	(49,458)	(15,938)
Income Taxes Refund/(Paid)	(14,347)	(39,159)
Interest received	5,648	371
<b>Net cash provided by operating activities</b>	<b>1,507,013</b>	<b>1,127,631</b>
<b>Cash flows from investing activities</b>		
Payment for Property, Plant and Equipment	(2,092,048)	(909,818)
Proceeds from disposal of property, plant and equipment	95,920	65,077
<b>Net cash provided by (used in) investing activities</b>	<b>(1,996,128)</b>	<b>(844,741)</b>
<b>Cash flows from financing activities</b>		
Proceeds from/(Repayments of) Borrowings	789,849	(305,576)
<b>Net cash provided by (used in) financing activities</b>	<b>789,849</b>	<b>(305,576)</b>
Net increase (decrease in cash held)	300,734	(22,686)
Cash and cash equivalents at beginning of financial year	450,677	473,363
Cash and cash equivalents at end of financial year	751,411	450,677

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018, current liabilities exceeded current assets by \$856,204 (2017: \$791,722). The directors have a capital expenditure plan which uses where possible cash generated from operating activities to fund that expenditure. The effect on working capital is that funds are drawn for capital expenditure. The Directors have prepared these accounts on a going concern basis as there was a positive cash flow surplus from operating activities of \$1,507,013 (2017: \$1,127,631) and the budget for 2019 indicates a budgeted trading profit and cash flow surplus (including loan repayments) 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 2018

is \$49,981 (2017: \$39,159). Tax is paid by instalments. As at 31 December 2018 there is a tax liability expected of \$31,212 (2017 tax refund of \$3,158).

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:

<b>Class of Fixed Asset:</b>	<b>Depreciation Rate</b>
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 Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application dates from 1 January 2019 and will be fully applicable in the next financial year. The company has not opted for early adoption of these standards.

AASB 16 Leases – The revised standard removes the distinction between operating and finance leases. The standard requires rights and obligations relating to the right to use an asset to be recognised on the balance sheet.

AASB 15 Revenue from Contracts – This standard moves the revenue recognition focus from transaction level to a contractual rights and obligations basis.

AASB 1058 Income for Not for Profits – This standard primarily applies to income not accounted for under AASB 15. Under the new standard Balgowlah RSL Memorial Club will recognise income as it meets its performance obligations, revenue will be recognised at the earlier of receipt or when Balgowlah RSL Memorial Club have a right to the receipt.

**(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.

		2018 \$	2017 \$
--	--	------------	------------

## 2. REVENUE AND OTHER INCOME

Sales Revenue:

Sale of Goods	4,811,727	4,767,634
---------------	-----------	-----------

Other Revenue:

Rental Revenue	286,068	273,555
----------------	---------	---------

Interest Received	2(a)	5,648	371
-------------------	------	-------	-----

Subscription and Entrance Fee	75,071	75,901
-------------------------------	--------	--------

Gaming Revenue	7,816,874	6,973,414
----------------	-----------	-----------

Other Revenue	2(b)	113,502	105,470
---------------	------	---------	---------

Poker Machine GST Expense	(699,473)	(626,510)
---------------------------	-----------	-----------

Commission and Sundry Income	232,240	214,843
------------------------------	---------	---------

Total Revenue	12,641,657	11,784,678
---------------	------------	------------

(a) Interest received from: Other corporations	5,648	371
--	-------	-----

(b) Profit on disposal of property, plant and equipment	75,808	65,077
---	--------	--------

## 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	49,458	15,938
----------	--------	--------

Total finance costs	49,458	15,938
---------------------	--------	--------

Wages and Salaries	3,426,226	3,257,316
--------------------	-----------	-----------

Other associated personnel expenses	274,376	254,252
-------------------------------------	---------	---------

Contributions to superannuation funds	331,432	324,988
---------------------------------------	---------	---------

Employee leave benefits paid	261,519	287,337
------------------------------	---------	---------

Increase/(Decrease) in liability for employee benefits	(16,358)	(11,703)
--	----------	----------

Employee benefits expense	4,277,195	4,112,190
---------------------------	-----------	-----------

	2018 \$	2017 \$
--	------------	------------

#### 4. TAX EXPENSE

(a) The components of tax expense comprise: Current tax	49,981	(39,159)
--	--------	----------

(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%	89,886	72,998

#### Add tax effect of:

Deferred tax assets recognised in the accounts	1,264	(429)
	91,150	72,569

#### Less tax effect of:

Tax effect of non-deductible and non-assessable items (including portion attributable to members)	(41,070)	33,410
Under / (over provision) in tax expense in prior year	(99)	-

<b>Income tax expense attributable to entity</b>	<b>49,981</b>	<b>39,159</b>
--	---------------	---------------

#### 5. KEY MANAGEMENT PERSONNEL COMPENSATION

Short term benefits	381,704	340,065
Post employment benefits	32,686	29,866
Other long-term benefits	73,537	69,971
Total compensation	487,927	439,902

#### 6. AUDITOR'S REMUNERATION

Remuneration of the auditor:		
Auditing and compilation of the financial report	25,100	29,353
Taxation services	2,260	1,800
	27,360	31,153

#### 7. CASH AND CASH EQUIVALENTS

Cash on Hand	210,000	190,000
Cash at Bank	541,441	260,677
	751,441	450,677

	2018 \$	2017 \$
<b>8. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Trade Debtors and Accrued Income	53,434	148,343
<b>9. INVENTORIES</b>		
<b>CURRENT</b>		
<b>At cost:</b>		
Stock on hand	126,704	137,584
<b>10. TAX</b>		
<b>Assets</b>		
<b>CURRENT</b>		
Income Tax	(31,212)	3,158
<b>Deferred Tax Asset</b>		
<b>Provisions</b>		
Opening balance	29,574	30,003
Charged to income	(1,264)	(429)
Closing balance	28,310	29,574
<b>Balance at year end</b>	<b>28,310</b>	<b>29,574</b>
<b>11. OTHER ASSETS</b>		
<b>CURRENT</b>		
Prepayments	63,238	74,864
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Freehold land (at valuation)	6,050,000	6,050,000
Club Buildings (at cost)	20,166,696	18,719,742
Less accumulated depreciation	(7,926,420)	(7,331,151)
	12,240,276	11,388,591
Total land and buildings	18,290,276	17,438,591
Plant and Equipment (at cost)	2,215,562	2,020,633
Less accumulated depreciation	(1,560,627)	(1,421,697)
	654,935	598,936
Poker Machines (at cost)	3,407,450	3,024,357
Less accumulated depreciation	(1,834,604)	(1,492,907)
	1,572,846	1,531,450
Computer software (at cost)	376,468	376,468
Less accumulated depreciation	(344,718)	(294,391)
	31,750	82,077
Total plant and equipment	2,259,531	2,212,463
<b>Total property, plant and equipment</b>	<b>20,549,807</b>	<b>19,651,054</b>

	2018 \$	2017 \$
--	------------	------------

## (a) Core Property

The Company's core property is at 30-38 Ethel Street, Seaforth NSW 2092.

## (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.

**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 2018	160,000	160,000

**14. TRADE AND OTHER PAYABLES****CURRENT**

Goods and Services Tax (Net)	215,376	168,831
Other Creditors and Accruals	385,255	377,030
Trade Creditors	300,460	364,072
Subscriptions in Advance	106,130	106,596
Rent Income in Advance	61,402	55,998
	1,068,623	1,072,527

	2018 \$	2017 \$
--	------------	------------

**15. BORROWINGS****CURRENT**

Bank Loan (Secured)	360,000	239,998
Other Loans (Term Creditors – Interest Free)	158,940	79,443
<b>Total Current Borrowings</b>	<b>518,940</b>	<b>319,441</b>

**NON-CURRENT**

Bank Loan (Secured)	660,000	-
Other Loans (Term Creditors – Interest Free)	57,282	126,931
<b>Total Non-Current Borrowings</b>	<b>717,282</b>	<b>126,931</b>
<b>Total Borrowings</b>	<b>1,236,222</b>	<b>446,372</b>

- (a) At year end, the company holds a secured finance facility of \$2,023,108 which comprises \$1,020,000 for a tailored commercial facility with fixed interest rate of 4.71% 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 is \$30,000 per month, to commence 1st July 2018.

At year end \$180,000 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 \$373,899 under credit terms within one to three years. These assets become the property of the company upon full settlement of the outstanding instalments.

**16. PROVISIONS****CURRENT**

Employee Entitlements	232,246	214,430
-----------------------	---------	---------

**NON-CURRENT**

Employee Entitlements	248,125	282,297
Employee Entitlements		
Opening balance at 1 January 2018	496,727	
Net movement	(16,356)	
<b>Balance at 31 December 2018</b>	<b>480,371</b>	

	2018 \$	2017 \$
--	------------	------------

## 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

The operating leases are for the telephone system and a new aristocrat lease.

Payable:

Not later than 12 months:	12,949	5,220
Between 12 months and five years:	19,472	2,010
	32,421	7,230

## 19. CONTINGENT LIABILITIES

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

### 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	53,715	20,548
---	--------	--------

## 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 2018 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 2018.



## **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.

		2018 \$	2017 \$
--	--	------------	------------

*Financial liability and financial asset maturity analysis*

<b>Financial liabilities due for payment Within 1 Year</b>			
Bank Loans	360,000	239,998	
Term Creditors	9,816	-	
Chattel Mortgage - Bank	149,124	79,443	
Total contractual outflows	518,940	319,441	
Total expected outflows	518,940	319,441	
Net (outflow)/inflow on financial instruments	(518,940)	(319,441)	
<b>Financial liabilities due for payment 1+ years</b>			
Bank Loans	660,000	-	
Term Creditors	-	-	
Chattel Mortgage - Bank	57,282	66,823	
Total contractual outflows	717,282	66,823	
Total expected outflows	717,282	66,823	
Net (outflow)/inflow on financial instruments	(717,282)	(66,823)	
<b>Total</b>			
<b>Financial Liabilities</b>			
Bank Loans	1,020,000	239,998	
Term Creditors	9,816	-	
Chattel Mortgage - Bank	206,406	146,266	
Total contractual outflows	1,236,222	386,264	
Total expected outflows	1,236,222	386,264	
Net (outflow)/inflow on financial instruments	(1,236,222)	(386,264)	

## 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	2018 \$	2017 \$
Non-financial assets			
Freehold Land	12	6,050,000	6,050,000
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		6,050,000	6,050,000
Liabilities			
Borrowing	22	1,236,222	386,264
<b>Total liabilities recognised at fair value</b>		1,236,222	386,264

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. RELATED PARTY DISCLOSURES

### A Directors

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

J T D McAteer, R J Paterson, J P Ardill, S Brown, W D O'Brien (Not re-elected), G Stone, J Garland (Appointed October 2017), IG Reese (deceased), Bryan Renshaw (Appointed March 2018).

### 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. 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 \$21,600.

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

### C Related Party Transactions

Club Secretary and CEO, Hendrik Visser has declared an interest in 'V Design'. 'V Design' was engaged by Paynter Dixon Constructions to design the interiors for a renovation project in January 2018. The Club paid \$1,100+ GST 'V Design' for a photoshoot production in May 2018.

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 2018, donations in-kind were made to the Sub Branch of \$5,600 (2017: \$4,000). 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.

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

		2018 \$	2017 \$
--	--	------------	------------

## 26. CASH FLOW INFORMATION

### Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	276,878	226,289
Non-cash flows in profit:		
Depreciation and Amortisation	1,173,182	1,055,026
Profit on disposal of property, plant and equipment	(75,808)	(65,077)
Changes in assets and liabilities:		
(Increase)/Decrease in Trade Debtors and Accrued Income	94,909	(34,073)
(Increase)/Decrease in Stock in Hand	10,880	(11,920)
Increase/(Decrease) in Trade and Other Payables	(3,904)	(36,346)
(Increase)/Decrease in Prepayments	11,626	(18,749)
Increase/(Decrease) in Provision for Income Tax	34,342	23,756
Increase/(Decrease) in Other Provisions	(16,356)	(11,704)
Increase/(Decrease) in Deferred Tax Assets	1,264	429
<b>Net cash provided by operating activities</b>	<b>1,507,013</b>	<b>1,127,631</b>

**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 2017	6,050,000	11,547,304	599,644	1,460,998	138,317	19,796,263
Additions	-	349,478	140,158	454,082	2,409	946,127
Disposals	-	-	(156)	(32,982)	(3,172)	(36,310)
Depreciation expense	-	(508,191)	(140,710)	(350,648)	(55,477)	(1,055,026)
<b>Carrying amount at 31 December 2017</b>	<b>6,050,000</b>	<b>11,388,591</b>	<b>598,936</b>	<b>1,531,450</b>	<b>82,077</b>	<b>19,651,054</b>
Additions	-	1,446,955	194,929	450,164	-	2,092,048
Disposals	-	-	(689)	(19,424)	-	(20,113)
Depreciation expense	-	(595,270)	(138,241)	(389,344)	(50,327)	(1,173,182)
<b>Carrying amount at 31 December 2018</b>	<b>6,050,000</b>	<b>12,240,276</b>	<b>654,935</b>	<b>1,572,846</b>	<b>31,750</b>	<b>20,549,807</b>

## 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 2018, 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 2018 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**

**JTD McAteer – 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 2018, 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 2018 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 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 Auditor**  
phillip@cabel.com.au  
North Sydney

Dated 6th March 2019





## BALGOWLAH RSL MEMORIAL CLUB

30-38 Ethel St Seaforth NSW 2092

02 9949 5477 | [www.balgowlahrsl.com.au](http://www.balgowlahrsl.com.au) | Like us 