
Forestville RSL Club Limited

ABN 15 000 970 132

**Annual Financial Report
31 December 2018**

Forestville RSL Club Limited

Directors' Report

The directors present their report together with the financial statements of Forestville RSL Club Limited (the company) for the year ended 31 December 2018.

Directors

The directors of the company in office at any time during or since the end of the financial year are:

Name and qualifications	Date of appointment	Experience and special responsibilities
W Shields President	27 October 2015	Retired IT Executive Member of the club since 1982
B Green Director	28 April 2003 Resigned 31 January 2019	Retired Project/Site Engineer/Draughtsman Member of the club since 1964
B Chisnall Director	10 April 2001 Resigned 31 January 2019	Retired Graphic Reproducer Member of the club since 1972
W Law Director	28 April 2009	Retired Avionics Engineer. Member of the club since 1970
J Ortman Director	1 September 2015 Resigned 6 December 2018	Operations Manager at Book Publishers Member of the club since 1997
J Finlay Director	27 April 2017	Retired Electrical Contractor Member of the club since 1991
H Bull Director	29 August 2017	Gaming Technician Member of the club since 2011
W Hardman Director	22 January 2019	Financial Controller and Company Director Member of the club since 2002
M Joose Director	31 January 2019	CEO/CFO - IT Services Company Member of the club since 2012
P Richardson Director	31 January 2019	Group Manager - Human Resources Member of the club since 1998

Forestville RSL Club Limited

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2018, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held *
W Shields	12	12
B Green	11	12
B Chisnall	11	12
W Law	12	12
J Ortmann	10	11
J Finlay	10	12
H Bull	12	12
W Hardman	0	0
M Josse	0	0
P Richardson	0	0

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2018 and the comparison with last year is as follows:

	2018	2017
Ordinary	10,319	10,201
Life	6	5
	<hr/>	<hr/>
	10,325	10,206
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Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the company during the time that he is a member or within one year thereafter. The total liability in the event of winding up is \$51,625 (2017: \$51,030).

Operating result

The net loss before tax for the year amounted to \$716,277 (2017 profit: \$355,432). This resulted after charging \$842,119 (2017: \$788,383) for depreciation and before crediting (\$13,413) (2017 charge: \$20,548) for income tax.

Objectives

Short term

To provide for the use of members and their guests a welcoming community club with modern facilities and amenities. To continue to support the wider local community and foster a relationship to maximise our exposure and involvement with our local area.

Forestville RSL Club Limited

Directors' Report

Objectives (continued)

Long term

To continue to explore ways to improve the club and ensure its long term viability.

Strategy for achieving the objectives

The Club's strategic plans are reviewed on a regular basis to ensure relevance in achieving our goals. Through the use of professional finance management and key performance indicators combined with proactive culture these strategies are achieved.

Principal activity

The principal activity of the company during the year has continued to be that of a licensed social club.

There have been no significant changes in the nature of this activity during the year.

How this activity assists in achieving the objectives

The principal activity of the Club outlined above is consistent with the Club achieving the objectives with each stated strategy designed to enhance and improve the Club's facility and ensure delivery of quality facilities of an RSL Club.

Performance measurement and key performance indicators

The club has departmental and organisational business plans and corporate strategic plans and the documented KPIs are reviewed by executive management and the Board of Directors at monthly meetings.

These KPIs are reviewed on a regular basis to ensure relevance at any particular point in time. Business activities are reviewed and altered to adhere to these documents.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the directors.

Dated at Forestville 28th of March 2019.



William Shields
President

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF FORESTVILLE RSL CLUB LIMITED

As lead auditor of Forestville RSL Club Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 28 March 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Forestville RSL Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Forestville RSL Club Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in members' fund and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, 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.



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'Paul Cheeseman'.

Paul Cheeseman
Partner
Sydney, 28 March 2019

Forestville RSL Club Limited

Directors' Declaration

The directors of Forestville RSL Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes, are 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 of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Forestville 28th of March 2019.

A handwritten signature in black ink, appearing to read 'W Shields', with a large, sweeping flourish underneath.

William Shields
President

Forestville RSL Club Limited

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue			
Sale of goods	1	1,436,654	1,389,012
Rendering of services	1	5,249,121	5,500,225
Other revenue	1	150,161	131,936
		<hr/>	<hr/>
Total revenue		6,835,936	7,021,173
		<hr/>	<hr/>
Other Income	1	16,048	9,170
		<hr/>	<hr/>
Expenses			
Raw materials and consumables used		(593,956)	(565,298)
Employee benefits expense		(2,808,087)	(2,445,353)
Entertainment, marketing and promotional costs		(669,254)	(531,345)
Poker machine licences and taxes		(983,329)	(1,084,187)
Occupancy expenses		(643,012)	(635,517)
Repairs and maintenance		(299,474)	(283,446)
Loss on disposal of property, plant and equipment		(420,819)	(43,364)
Depreciation expenses		(842,119)	(788,383)
Finance cost		(4,140)	(7,910)
Donations and grants		(39,273)	(51,860)
Other expenses		(264,798)	(238,248)
		<hr/>	<hr/>
Total expenses		(7,568,261)	(6,674,911)
		<hr/>	<hr/>
(Loss)/Profit before income tax		(716,277)	355,432
Income tax benefit/(expense)	3(a)	13,413	(20,548)
		<hr/>	<hr/>
Net (Loss)/profit after income tax expense		(702,864)	334,884
Other comprehensive income	10	(14,406)	(2,309)
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members		(717,270)	332,575
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 29.

Forestville RSL Club Limited
Statement of Financial Position
As at 31 December 2018

ASSETS	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents		2,326,277	3,062,278
Trade receivables		25,668	21,132
Inventories		78,115	57,340
Financial assets	5	203,902	139,895
Current Tax Assets	3(c)	16,926	-
Other current assets	6	129,464	231,737
Total Current Assets		<u>2,780,352</u>	<u>3,512,382</u>
Non-Current Assets			
Property, plant and equipment	4	10,666,683	11,023,727
Deferred tax assets	3(b)	95,704	88,030
Total Non-Current Assets		<u>10,762,387</u>	<u>11,111,757</u>
Total Assets		<u>13,542,739</u>	<u>14,624,139</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7	521,942	709,703
Lease liability	12	16,141	66,618
Employee benefits	9	462,975	554,068
Income received in advance		40,643	41,352
Current Tax Liability	3(c)	-	1,829
Total Current Liabilities		<u>1,041,701</u>	<u>1,373,570</u>
Non-Current Liabilities			
Lease liability	12	46,097	62,239
Employee benefits	9	9,845	27,543
Income received in advance		42,495	40,916
Total Non-Current Liabilities		<u>98,437</u>	<u>130,698</u>
Total Liabilities		<u>1,140,138</u>	<u>1,504,268</u>
Net Assets		<u>12,402,601</u>	<u>13,119,871</u>
Members' Funds			
Reserves	10	302,191	318,345
Retained profits		12,100,410	12,801,526
Total Members' Funds		<u>12,402,601</u>	<u>13,119,871</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 29.

Forestville RSL Club Limited
Statement of Changes in Members' Funds
For the Year Ended 31 December 2018

	Reserves \$	Retained profits \$	Total Equity \$
Balance at 1 January 2017	320,654	12,466,642	12,787,296
Net profit for the year	-	334,884	334,884
Other comprehensive income for the year, net of tax	(2,309)	-	(2,309)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	(2,309)	334,884	332,575
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	318,345	12,801,526	13,119,871
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Net loss for the year		(702,864)	(702,864)
Net Realised gain from sale of financial asset through other comprehensive income	(1,748)	1,748	-
Other comprehensive income for the year, net of tax	(14,406)	-	(14,406)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	(16,154)	(701,116)	(717,270)
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Balance at 31 December 2018	302,191	12,100,410	12,402,601
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The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 12 to 29.

Forestville RSL Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2018

	2018 \$	2017 \$
Cash Flows From Operating Activities		
Receipts from customers, inclusive of GST	7,334,712	7,584,196
Payments to suppliers and employees, inclusive of GST	(7,170,784)	(6,621,370)
Payment for income tax	(13,015)	-
Interest paid	(4,140)	(7,185)
Interest received	88,086	44,585
Rent received	70,430	76,073
Dividends received	16,048	9,170
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Net cash inflow from operating activities	321,397	1,085,469
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Cash Flows From Investing Activities		
Proceeds from sale of property, plant and equipment	33,108	42,320
Proceeds from sale of investments in shares	153,151	45,277
Payment for property, plant and equipment	(939,002)	(472,277)
Payment for investments	(233,312)	(44,460)
	<hr/>	<hr/>
Net cash outflow used in investing activities	(986,055)	(429,140)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Lease payments	(71,283)	(133,000)
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Net cash outflow used in financing activities	(71,283)	(133,000)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(736,001)	523,329
Cash and cash equivalents at the beginning of the financial year	3,062,278	2,538,949
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	2,326,277	3,062,278
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The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 29.

Forestville RSL Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2018

About this report

Forestville RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a not-for-profit entity for the purposes of preparing the financial statements. The financial report is for Forestville RSL Club Limited as a standalone legal entity and consists of the financial statements, notes to the financial statements and the directors' declaration.

The financial report was approved for issue by the Directors on 28 March 2019. The Directors have the power to amend and reissue the financial report.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and the Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB);
- Do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB);
- Are presented in Australian dollars; and
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the Company;
- It helps to explain the impact of significant changes in the Company's business; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis.

New, revised or amending accounting standards and interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Forestville RSL Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2018

New, revised or amending accounting standards and interpretations adopted (continued)

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 January 2018. The Company has receivables at year end and under the standard there are new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company as at 31 December 2018 or on opening retained earnings as at 1 January 2018.

Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed above.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

1 Revenue and Other Income

	2018 \$	2017 \$
Sale of Goods Revenue		
Bar sales	1,436,654	1,389,012
Rendering of Services Revenue		
Poker machines - net clearances	4,862,519	5,110,897
Functions revenue	31,520	29,153
Members' subscriptions	32,783	32,069
Entertainment and promotions	154,225	158,107
Green fees	19,667	18,765
Keno sales	30,414	31,883
Commission received	45,669	37,625
Sundry income	72,324	81,726
	5,249,121	5,500,225
Other Revenues		
Interest received	79,731	62,779
Rent received	70,430	69,157
	150,161	131,936
Other Income		
Dividends received	16,048	9,170
	16,048	9,170
Total Revenue and Other Income	6,851,984	7,030,343

Recognition and Measurement

The core principal of AASB 15 *Revenue from Contracts with Customers* is that an entity recognises revenue to depict the transfer of promised goods and services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods and services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations of the contract;
- Step 3: Determine the transaction price;

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

1 Revenue and Other Income (continued)

Recognition and Measurement (continued)

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise revenue as the performance obligations are satisfied.

Under AASB 15, revenues are continued to be recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of beverage and other goods and is recognised net of rebates, returns, discounts and other allowances. Performance obligations for the sale of goods is satisfied when goods are transferred from the Company to the customer and when consideration is subsequently received. Revenue is recognised at a point in time when the sale has been made. There are no obligations for returns, refunds, warranties or other similar obligations. Estimates and judgements have been made over the stand-alone selling prices and when performance obligations are satisfied.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and patrons of the club. Performance obligations arising from gaming facilities are satisfied when the service has been provided to the customer and consideration has been received. Revenue arising from gaming facilities are recognised at a point in time when the service has been provided. Performance obligations arising from membership to the club are satisfied either at a point in time, when a distinct good or service resulting from the membership is provided from the Company to the member, or over time, when the member's access to the club and use of its facilities or access to the option with a material right is completed. There are no obligations for returns, refunds, warranties or other similar obligations. Estimates and judgements have been made over the stand-alone selling prices and when performance obligations are satisfied.

Interest Revenue

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

Other income

Other income is continued to be recognised when it is received or when the right to receive payment is established and to the extent that there is a high probability that a significant reversal of revenue will not occur.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

2 Expenses

	2018 \$	2017 \$
Profit before income tax includes the following specific expenses:		
Depreciation	842,119	788,383
Defined contribution superannuation expense	242,469	252,441
Finance Costs	4,140	7,910
Net loss on disposal of Property, Plant and Equipment	420,819	43,364
Movement in Provision for Employee Entitlements	(108,791)	16,851

Recognition and Measurement

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

The Company is under a legal obligation to contribute 9.50% of each employee's base salary to a superannuation fund. The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The Company has no legal or constructive obligation to fund any deficit.

3 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2018 \$	2017 \$
The amount set aside for income tax in the statement of financial performance has been calculated as follows:		
Proportion of income attributable to non-members	1,339,899	1,497,342
Less: Proportion of expenses attributable to non-members	(1,304,924)	(1,257,359)
	<u>34,975</u>	<u>239,983</u>
Add: Other taxable income	337,348	288,727
Less: Other deductible expenses	(449,756)	(458,791)
Tax losses utilised	-	(38,763)
Transfer to tax losses carried forward	77,433	-
	<u>-</u>	<u>31,156</u>
Net income subject to tax	-	31,156

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

3 Income Tax

(a) Income Tax Expense (continued)

	2018 \$	2017 \$
Current income tax applicable to above at rate of 27.5% (FY17: 30%)	-	9,347
Under provision from prior year	(5,739)	-
Decrease in deferred tax assets	(7,674)	11,201
	<hr/>	<hr/>
Income tax (benefit)/expense	(13,413)	20,548
	<hr/> <hr/>	<hr/> <hr/>

(b) Deferred Tax Assets

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

Property, plant and equipment - Written down value	27,032	38,282
Employee benefits	45,441	49,748
	<hr/>	<hr/>
	72,473	88,030
Carried forward tax losses	23,231	-
Total deferred tax assets	<hr/>	<hr/>
	95,704	88,030
	<hr/> <hr/>	<hr/> <hr/>

Movements

Opening balance	88,030	99,231
Credited/(Charged) to the Statement of Comprehensive Income	7,674	(11,201)
	<hr/>	<hr/>
Closing balance	95,704	88,030
	<hr/> <hr/>	<hr/> <hr/>

(c) Current Tax (Assets)/Liability

	2018 \$	2017 \$
Movements during the year:		
Balance at beginning of year	1,829	-
Payments made during the year	(21,865)	-
Refunds received during the year	8,850	-
Current year's income tax expense on profit	(5,740)	1,829
	<hr/>	<hr/>
Closing balance	(16,926)	1,829
	<hr/> <hr/>	<hr/> <hr/>

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

3 Income Tax (continued)

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, where applicable.

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

Deferred tax assets are recognised for tax losses 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 are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

Mutuality Principle

The Company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, e.g. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

4 Property, Plant and Equipment

	2018	2017
	\$	\$
Freehold land <i>At cost</i>	2,500,000	2,500,000
Buildings and Improvements <i>At cost</i>	7,679,783	7,709,590
<i>Accumulated depreciation</i>	(2,619,680)	(2,474,196)
	5,060,103	5,235,394
Total Land and Buildings	7,560,103	7,735,394
Plant and equipment <i>At cost</i>	6,748,172	6,950,484
<i>Accumulated depreciation</i>	(3,641,592)	(3,677,586)
	3,106,580	3,272,898
Motor vehicles <i>At cost</i>	50,215	50,520
<i>Accumulated depreciation</i>	(50,215)	(50,302)
	-	218
Capital work in progress <i>At cost</i>	-	15,217
Total property, plant and equipment net book value	10,666,683	11,023,727

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

4 Property, Plant and Equipment (continued)

	2018 \$	2017 \$
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Buildings and Improvements		
Carrying amount at beginning of year	5,235,394	5,412,647
Depreciation expense	(175,007)	(177,253)
Disposals	(284)	-
	<hr/>	<hr/>
Carrying amount at end of year	5,060,103	5,235,394
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	3,272,898	3,378,829
Additions	538,082	541,057
Disposals	(37,404)	(35,990)
Depreciation expense	(666,996)	(610,998)
	<hr/>	<hr/>
Carrying amount at end of year	3,106,580	3,272,898
	<hr/> <hr/>	<hr/> <hr/>
Motor Vehicles		
Carrying amount at beginning of year	218	348
Disposal	(114)	-
Depreciation expense	(104)	(130)
	<hr/>	<hr/>
Carrying amount at end of year	-	218
	<hr/> <hr/>	<hr/> <hr/>
Capital Work in Progress		
Carrying amount at beginning of year	15,217	49,694
Additions	400,920	15,217
Disposals	(416,137)	(49,694)
	<hr/>	<hr/>
Carrying amount at end of year	-	15,217
	<hr/> <hr/>	<hr/> <hr/>

Valuation

An independent valuation by Andrew Nock Valuers of the Company's freehold land and buildings was carried out at 25 July 2017 on the basis of open market value for existing use resulted in a valuation of \$18,640,000. As freehold land and buildings are recorded at cost the valuation has not been brought to account. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

4 Property, Plant and Equipment (continued)

Core and non-core property

The following are core properties:

- Club land, buildings and improvements at 22 Melwood Avenue, Forestville NSW 2087
- Club car park at 20 Melwood Avenue, Forestville NSW 2087

The Company does not have any non-core properties.

Recognition and Measurement

All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' 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 statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Capital work-in-progress is accounted for at cost and is transferred to property, plant and equipment and depreciated when completed and ready for use.

Useful lives are estimated as follows:

Buildings and improvements	40 years
Plant and equipment	5 - 10 years
Motor vehicles	9 years

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

An asset's 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 carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

Refer to Note 8 for information on property, plant and equipment secured under leases.

Estimation of Useful Lives of Assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Non-cash financing activities

During the year, the Company did not acquire plant and equipment by means of a lease. (2017: \$84,011).

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

5 Financial assets

	2018 \$	2017 \$
Fair Value through Other Comprehensive Income Financial Assets	203,902	139,895
	<hr/>	<hr/>

Recognition and Measurement

The Company classifies its financial assets in the following categories: Amortised Cost and Fair Value through Other Comprehensive Income financial assets. The classification depends on the purpose for which the assets or liabilities were acquired.

Fair value through other comprehensive income

The Company has a number of strategic investments in listed securities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Company has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Company considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

6 Other Assets

	2018 \$	2017 \$
Current		
Prepayments	122,892	216,810
Interest receivable	6,572	14,927
	<hr/>	<hr/>
	129,464	231,737
	<hr/>	<hr/>

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

7 Trade and Other Payables

	2018 \$	2017 \$
Trade creditors	116,657	274,060
Goods and Services Tax (GST) payable	113,830	142,417
Other creditors and accruals	291,455	293,226
	<hr/>	<hr/>
	521,942	709,703
	<hr/> <hr/>	<hr/> <hr/>

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

8 Leases

Movements in Carrying Amounts of Right-of-Use Assets

Movements in the carrying amounts for right-of-use assets between the beginning and the end of the current financial year are set out below:

	2018 \$	2017 \$
Right-of-Use Assets		
Carrying amount at beginning of year	264,367	219,810
Additions	-	84,011
Depreciation expense	(50,640)	(39,454)
	<hr/>	<hr/>
Carrying amount at end of year	213,727	264,367
	<hr/> <hr/>	<hr/> <hr/>

The total cash outflow for leases in 2018 was \$71,283 (2017: \$133,000).

Right-of-Use Assets have been included as Plant and Equipment in Note 4 and in the line item "Property, Plant and Equipment" on the Balance Sheet.

Recognition and Measurement

Assets and liabilities arising from a lease are initially measured on a present value basis. Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

8 Leases (continued)

Lease liabilities include the net present value of fixed lease payments, variable lease payments, amounts expected to be payable under residual value guarantees, exercise price of a purchase option if it is reasonably certain to exercise the option and any payments of penalties for terminating the lease if the lease term reflects the early termination option. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-Use Assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and any restoration costs.

9 Employee benefits

	2018 \$	2017 \$
Current	462,975	554,068
Non-current	9,845	27,543
Aggregate liability for employee benefits including on-costs	472,820	581,611

Recognition and Measurement

The present values of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to 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.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

9 Employee benefits (continued)

Estimates and Judgements

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

10 Reserves

	2018 \$	2017 \$
Capital profits reserve		
Capital profits	321,767	321,767
	<hr/>	<hr/>
Fair value revaluation reserve		
Fair value revaluation reserve at the beginning of the year	(3,422)	(1,113)
Net realisation from sale of financial assets through other comprehensive income	(1,748)	-
Financial assets through other comprehensive income fair value	(14,406)	(2,309)
	<hr/>	<hr/>
Fair value revaluation reserve at the end of the year	(19,576)	(3,422)
	<hr/>	<hr/>
Total reserves	<u>302,191</u>	<u>318,345</u>

Recognition and Measurement

Capital Profits

The capital profits reserve represents the assets less liabilities taken over by the Company for Forestville RSL Sub-branch Club at the date of incorporation of the Company in accordance with Section 134B of the Liquor Act.

Fair value Revaluation Reserve

The Fair value revaluation reserve includes the changes in the fair value of Fair value through other comprehensive income investments, arising from the revaluation of these assets. Fair value of Fair value through other comprehensive income financial assets is based on quoted market prices for listed shares and investment units.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

11 Contingent Liabilities

	2018 \$	2017 \$
The Company has given the following bank guarantees:		
TAB Limited	5,000	5,000
	<hr/>	<hr/>

12 Commitments

	2018 \$	2017 \$
<i>Lease Commitments</i>		
Committed at the reporting date and recognised as liabilities, payable:		
<i>Within one year</i>	19,200	71,284
<i>One to five years</i>	49,600	68,800
	<hr/>	<hr/>
Total Commitment	67,800	140,084
Less: Future finance charges	(6,562)	(11,227)
Net commitment recognised as liabilities	<hr/> 62,238	<hr/> 128,857
Representing:		
Lease liability - Current	16,141	66,618
Lease liability - Non-current	46,097	62,239
	<hr/> 62,238	<hr/> 128,857

Lease commitments includes contracted amounts for various plant and equipment with a written down value of \$213,727 (2017: \$264,367) secured under leases expiring within one to five years.

Commitments and contingencies are disclosed net of the amount of GST.

Forestville RSL Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2018

13 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the Company during the financial year:

B Chisnall (Resigned 31 January 2019)
B Green (Resigned 31 January 2019)
W Law
J Ortmann (Resigned 6 December 2018)
W Shields
J Finlay
H Bull
W Hardman (Appointed 22 January 2019)
M Josse (Appointed 31 January 2019)
P Richardson (Appointed 31 January 2019)

(b) Key Management Personnel Compensation

	2018 \$	2017 \$
Benefits and payments made to the Directors	-	-
Benefits and payments made to Key Management Personnel	<u>550,280</u>	<u>545,423</u>
Total Benefits and payments made	<u>550,280</u>	<u>545,423</u>

14 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 13.

Transactions with Related Parties

From time to time, directors of the Company, or their director-related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

15 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$5 per member in the event of the winding up of the Company during the time that he is a member or within one year thereafter. At 31 December 2018 there were 10,325 members.

The registered office of the Company is 22 Melwood Avenue, Forestville NSW 2087.

Notes to the Financial Statements For the Year Ended 31 December 2018

16 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17 Summary of other key accounting policies

Inventories

Inventories are measured at the lower of cost or net realisable value. Costs are assigned on the basis of weighted average costs.

Financial Instruments

The company classified its financial assets and liabilities, which comprise cash and cash equivalents, accounts receivables and accounts payable, into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The following financial assets and liabilities below are carried at amortised cost.

Trade Receivables

Amounts owing by members and other are stated at amortised cost using the effective interest rate method. Receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts or impairment. The Company applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The expected loss rates are based on the Club's historical credit losses experienced over a three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomics factors affecting the Company's customers.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also include term deposits which are shown within other assets in current assets on the statement of financial position.

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

Notes to the Financial Statements
For the Year Ended 31 December 2018

17 Summary of other key accounting policies (continued)

Customer Loyalty Programme

The Company operates a loyalty programme where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.