

AVALON BEACH RSL CLUB LIMITED
A.B.N.59 000 968 838

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31st December 2018.

DIRECTORS

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

Name and Qualifications	Experience and Special Responsibilities
President	
Mark Houlder	Retired Fire Brigade Officer - Mark has been a Director since 2005. His portfolio is Finance.
Vice Presidents	
Mal French	Company Director - Mal has been Director since 2007 and Vice President since May 2017.
Peter McDermott	Served with the NSW Police Force. Portfolios include Marketing and Citations, Peter has been a Director since 2012
Directors	
Peter Nash	Company Director - Peter has also served two terms as a Director since 1998 holding the position of President. His current term as a Director commenced 2008. His portfolio is Finance.
Robert White	Glazier - Bob has been a Director since 1986 and also on the executive for many years. Portfolios include Marketing & Building.
Ian Squire	Ian is a professional tradesman in the building industry. Appointed as Director October 2016
Adrian Harding	Currently an Officer in the Australian Army - 32 years in Defence. Consultancy for major infrastructure projects. project management and contract administration Adrian was appointed director in September 2017
Andrew MacGregor	Company Director - Experience includes Office Administration, Business Planning, Logistics & workplace training. Andrew was appointed in May 2011 and resigned July 2018
Angela Jones	Angela was a business operator in the print industry and now is employed in the plumbing sector. Angel was appointed in March 2018
Justin Appleby	Justin is a local business owner in the landscaping an horticultural industry. Appointed in September 2018

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DIRECTORS' REPORT

During the financial year, 13 meetings of directors were held. Attendances were:

	Held	Attended	
M. Houlder	13	13	
P. McDermott	8	13	Resigned 22/02/2019
M. French	11	13	
P. Nash	9	13	
A. MacGregor	7	7	Resigned 25/07/2018
R. White	13	13	
I. Squire	13	13	
A. Harding	7	13	
A. Jones	10	10	Appointed 26/03/2018
J. Appleby	4	4	Appointed 24/09/2018

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

CHIEF EXECUTIVE OFFICER

Angus has extensive experience in the Club industry holding previously various senior management positions in the club industry.

He earned his Bachelor's Degree of Business majoring in Club and Gaming Management from Southern Cross University's School of Tourism & Hospitality Management and has achieved his Active Certified Club Manager status with the Club Managers Association of Australia. He has also completed the Australian Executive Training Program held by the UNLV (University of Las Vegas) International Gaming Institute, and the LCA GMDC Course

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year to provide the facilities of a licensed club to the members and visitors.

The club's short term objectives are to:

- i) provide the best possible clubhouse facilities to members.
- ii) encourage new membership.
- iii) remain financially viable to achieve the above objectives.

The club's long term objectives are to:

- i) establish and maintain membership that fosters the club's strategic plan: and
- ii) be sustainable and strive for continuous improvement so as to offer the best possible facilities and social amenities to members.

To achieve these objectives, the club has adopted the following Strategies:

- i) the Board strives to attract and retain quality management and provide high standards of service levels to the members. The Board believes that attracting and retaining quality staff will assist with the success of the club in both the short and long term.
- ii) maintain rigorous control over the club's finances to ensure the club remains viable and is able to continually upgrade clubhouse facilities for the benefit of members and encourage new membership.
- iii) the Board is committed to meet consistent standards of governance, best practice and provide clear expectations of professional accountabilities and responsibilities to all members.

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DIRECTORS' REPORT

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATORS

The financial performance of the club is measured against the budget set and benchmark data from the club industry:

Some of the criteria reported on are:

Earnings before Interest Taxation Depreciation Amortisation Rent and Donations (EBITDARD)

Gross Profit Margins

Expense Ratios and Analysis

Cash Flow

Non financial performance is assessed by a variety of measures including:

Members' feedback

Staff turnover

Comparison with industry wide initiatives

Member research

The club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the club is wound up, the constitution states that each member is required to contribute a maximum of \$2.00 towards meeting any outstanding obligations of the club. At 31st December 2018 the collective liability of members was \$13,448 (2017: \$12,678).

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001

A copy of the Auditor's Independence Declaration follows this Directors Report.

Signed in accordance with a resolution of the Board of Directors.



Mark Houlder
President



Ian Squire
Director

Dated: 20/3/2019

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AVALON BEACH RSL CLUB LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

CONROY AUDIT & ADVISORY
Chartered Accountants



D R Conroy
Principal

Sydney
Dated: 20/3/2019

AVALON BEACH RSL CLUB LIMITED
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2018**

	Notes	2018 \$	2017 \$
Revenue from continuing operations			
Revenue	2	5,146,688	5,348,521
Other revenue	2	397,515	90,593
Total revenue from continuing operations		<u>5,544,203</u>	<u>5,439,114</u>
Expenses			
Cost of Sales	3	(1,131,574)	(1,084,448)
Advertising & Promotions Expense		(177,281)	(173,390)
Employee Benefits Expense		(1,661,813)	(1,588,006)
Insurance		(128,548)	(133,941)
Lease and Rental		(89,961)	(85,757)
Members & Patron Amenities		(537,978)	(621,220)
Poker Machine Duty		(324,743)	(355,268)
Repairs and Maintenance		(129,544)	(105,838)
Rates and Utilities		(130,640)	(126,303)
Other Expenses		(662,484)	(651,596)
Total Expenses		<u>(4,974,566)</u>	<u>(4,925,767)</u>
Earnings before depreciation, amortisation and finance costs		<u>569,637</u>	<u>513,347</u>
Depreciation and amortisation	3	(416,823)	(410,214)
Finance Costs	3	(109,046)	(93,011)
		<u>(525,869)</u>	<u>(503,225)</u>
Profit before income tax		<u>43,768</u>	<u>10,122</u>
Income tax expense	4	-	-
Net Profit		<u>43,768</u>	<u>10,122</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>43,768</u>	<u>10,122</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	402,893	274,692
Trade and Other Receivables	6	3,000	3,000
Inventories	7	88,823	91,932
Other Assets	8	<u>84,810</u>	<u>127,803</u>
TOTAL CURRENT ASSETS		<u>579,526</u>	<u>497,427</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	10	5,052,951	5,229,066
Financial Assets	9	<u>750</u>	<u>750</u>
TOTAL NON-CURRENT ASSETS		<u>5,053,701</u>	<u>5,229,816</u>
TOTAL ASSETS		<u>5,633,227</u>	<u>5,727,243</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	370,135	372,209
Financial Liabilities	12	220,541	359,368
Short Term Provisions	13	<u>77,765</u>	<u>80,003</u>
TOTAL CURRENT LIABILITIES		<u>668,441</u>	<u>811,580</u>
NON CURRENT LIABILITIES			
Financial Liabilities	12	1,854,548	1,848,234
Long Term Provisions	13	<u>33,328</u>	<u>34,287</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,887,876</u>	<u>1,882,521</u>
TOTAL LIABILITIES		<u>2,556,317</u>	<u>2,694,101</u>
NET ASSETS		<u><u>3,076,910</u></u>	<u><u>3,033,142</u></u>
MEMBERS' FUNDS			
Retained Earnings		<u>3,076,910</u>	<u>3,033,142</u>
TOTAL MEMBERS' FUNDS		<u><u>3,076,910</u></u>	<u><u>3,033,142</u></u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
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STATEMENT OF CHANGES IN MEMBERS' FUNDS
AS AT 31st DECEMBER 2018

	Retained Earnings S	Total S
Balance at 1st January 2017	<u>3,023,020</u>	<u>3,023,020</u>
Loss attributable to members of the company	10,122	10,122
Balance at 31st December 2017	<u>3,033,142</u>	<u>3,033,142</u>
Profit attributable to members of the company	43,768	43,768
Balance at 31st December 2018	<u>3,076,910</u>	<u>3,076,910</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2018

	Notes	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Trading		5,660,929	5,883,187
Payments to Suppliers and Employees		(5,438,349)	(5,339,225)
Interest Received		389	169
Finance Costs		<u>(109,046)</u>	<u>(93,011)</u>
Net cash provided by (used in) operating activities		<u>113,923</u>	<u>451,120</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on sale of Non Current Assets		379,333	-
Proceeds on sale of Plant & Equipment		31,351	-
Payment for Property, Plant & Equipment	10	<u>(263,893)</u>	<u>(762,162)</u>
Net cash provided by (used in) investing activities		<u>146,791</u>	<u>(762,162)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings/Hire Purchases		286,172	763,427
Repayment of Bank Loans		-	(40,560)
Repayment of Lease/Hire Purchases		<u>(418,685)</u>	<u>(390,084)</u>
Net cash provided by (used in) financing activities		<u>(132,513)</u>	<u>332,783</u>
<i>Net increase/(decrease) in cash held</i>		<u>128,201</u>	<u>21,741</u>
Cash at 1st January 2018		<u>274,692</u>	<u>252,951</u>
CASH at 31st December 2018	5	<u><u>402,893</u></u>	<u><u>274,692</u></u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Avalon Beach RSL Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

Income Tax

The income tax expense as stated in the Statement of Comprehensive Income is the amount calculated to be payable based on a formula determined by the Australian Taxation Office. Clubs are only assessed for income tax on the proportion of income derived from non-members, investments and other income specifically assessable under the Income Tax Assessment Act. Tax Effect accounting has been adopted.

Deferred tax assets relating to temporary timing differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available to absorb those timing differences. Deferred Tax Assets in the form of provisions for staff leave have not been raised as an asset in the accounts due to the relatively low and variable recovery of the tax benefits.

Inventories

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

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation

Property, plant and equipment are measured on the cost basis. The carrying amount of property, 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 which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation and Amortisation

The depreciable amount of plant and equipment is depreciated on a straight line basis and diminishing value basis over their useful lives to the Club commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the remaining term of the lease.

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

Class of Fixed Asset	Depreciation Rate
Building	2.0%
Plant and Equipment	3.0%-40%
Motor Vehicles	22.5%-40%
Poker Machines	15%-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 the carrying amount.

These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of Assets

At each reporting date, the Club reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 entity are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Employee Benefits

Provision is made for the Club's liability for employee entitlements arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Club to employee superannuation funds and are charged as expenses when incurred. Long Service Leave entitlements are provided for after 5 years service.

Revenue from the sale of goods is recognised upon the delivery of the goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the dividend is actually received.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

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 Australian tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset and as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Comparative Figures

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

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at cost plus transactions cost where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

1. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through the profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

3. Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

4. Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

5. Financial Liabilities

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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 economical data, obtained both externally and within the group.

Key Estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments

The directors believe that the amount included in accounts receivable is recoverable and no provision for impairment has been made at the end of the financial year.

Significant accounting policies

New standards and interpretations not yet adopted

AASB 16 Leases

AASB 16 removes the classification of leases as either operating lease or finance leases - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Company is assessing the potential impact on its financial statements resulting from the application of AASB.

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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 2 – REVENUE		
Operating Activities:		
Bar Sales	1,873,886	1,842,401
Food and Catering	1,114,396	1,106,758
Poker Machine Takings	2,045,603	2,245,403
Membership Subscriptions	29,042	18,573
Commissions, Rebates, Room Hire	64,115	62,491
Interest Received	389	169
Other Income	<u>19,257</u>	<u>72,726</u>
	<u>5,146,688</u>	<u>5,348,521</u>
Other Revenue:		
Profit on disposal of Non Current Assets	397,515	-
Insurance Recoveries	-	90,593
	<u>397,515</u>	<u>90,593</u>
Total Revenue	<u><u>5,544,203</u></u>	<u><u>5,439,114</u></u>

NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax has been determined after:

(a) Expenses

Cost of Sales	1,131,574	1,084,448
Interest and finance charges	109,046	93,011
Loss on Disposal of Non Current Assets	<u>10,016</u>	-
	<u><u>1,250,636</u></u>	<u><u>1,177,459</u></u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
(b) Significant Revenue and Expenses		
Depreciation and Amortisation of Non-Current Assets:		
Depreciation	416,823	410,214
Total Depreciation and Amortisation	<u>416,823</u>	<u>410,214</u>
Gain on disposal of Non Current Assets	<u>397,515</u>	<u>-</u>

NOTE 4 – INCOME TAX EXPENSE

The Income Tax Assessment Act provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and other income made specifically assessable

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Club's statutory rate of 30% is as follows:

Income tax expense prima facie	13,130	3,037
Future income tax benefit on losses not brought to account	-	-
Non assessable income	29,042	18,573
Non allowable deductions	68,448	46,419
Adjustment under the concept of mutuality	<u>(110,620)</u>	<u>(68,029)</u>
Income Tax Expense	<u>0</u>	<u>(0)</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash on Hand	125,000	125,000
Cash at Bank	277,893	149,692
Short Term Deposits	-	-
	<u>402,893</u>	<u>274,692</u>

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current		
Trade and Other Receivables	<u>3,000</u>	<u>3,000</u>

NOTE 7 – INVENTORIES

Beverage and Catering Stock - at Cost	<u>88,823</u>	<u>91,932</u>
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NOTE 8 – OTHER ASSETS

Current		
Prepayments	<u>84,810</u>	<u>127,803</u>
	<u>84,810</u>	<u>127,803</u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Non-Current	2018	2017
	\$	\$
NOTE 9 – FINANCIAL ASSETS		
Shares ILG	<u>750</u>	<u>750</u>
NOTE 10 – PROPERTY, PLANT AND EQUIPMENT		
Property		
Land at cost	<u>1,219,000</u>	<u>1,219,000</u>
	<u>1,219,000</u>	<u>1,219,000</u>
Buildings		
Buildings at cost	2,914,003	2,891,885
Less Accumulated	<u>(500,782)</u>	<u>(445,333)</u>
	<u>2,413,221</u>	<u>2,446,552</u>
Total Property	<u>3,632,221</u>	<u>3,665,552</u>
Leasehold Improvements		
Leasehold Improvements at cost	391,391	391,391
Less Accumulated Depreciation	<u>(167,477)</u>	<u>(165,193)</u>
Total Leasehold Improvements	<u>223,914</u>	<u>226,198</u>
Plant, Furniture & Fittings at cost		
Plant, Furniture & Fittings at cost	5,376,314	5,161,827
Less Accumulated Depreciation	<u>(4,179,498)</u>	<u>(3,824,511)</u>
Total Plant, Furniture & Fittings	<u>1,196,816</u>	<u>1,337,316</u>
Total Property, Plant and Equipment	<u>5,052,951</u>	<u>5,229,066</u>

Valuation of Land and Buildings

The Directors have instructed independent valuers to inspect the Club's premises in order to assess and provide an opinion of the fair value of the freehold land and buildings. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation was carried out by Ben Hill of Global Valuation Services AAPI (Members of the Australian Property Institute) Registered Valuer No 24135). The valuation was carried out on 12 January 2016. The Directors therefore believe the carrying value of the land and buildings is not more than the recoverable amount at 31 December 2018.

(a) Freehold land and buildings - 1 Bowling Green Lane Avalon NSW 2107. Valuation of land at \$1,550,000 and building at \$3,150,000.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Building Improvements	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	1,219,000	2,446,552	1,337,316	226,198	5,229,066
Additions	-	22,118	241,775	-	263,893
Transfers	-	-	-	-	-
Disposals	-	-	(23,185)	-	(23,185)
Depreciation expense	-	<u>(55,449)</u>	<u>(359,090)</u>	<u>(2,284)</u>	<u>(416,823)</u>
Carrying amount at the end of year	<u>1,219,000</u>	<u>2,413,221</u>	<u>1,196,816</u>	<u>223,914</u>	<u>5,052,951</u>

NOTE 11 – TRADE AND OTHER PAYABLES

Current

Unsecured liabilities

Trade Creditors	323,023	346,582
Sundry creditors and accrued expenses	<u>47,112</u>	<u>25,627</u>
	<u>370,135</u>	<u>372,209</u>

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NOTE 12 - FINANCIAL LIABILITIES		
Current		
Secured Liabilities		
Bank Loan Facility	-	-
Finance Lease Obligation	220,541	359,368
	<u>220,541</u>	<u>359,368</u>
Non-Current		
Secured Liabilities		
Finance Lease Obligation	204,548	198,234
Bank Loan Facility	1,650,000	1,650,000
	<u>1,854,548</u>	<u>1,848,234</u>

NOTE 13 – PROVISIONS

Current		
Employee Entitlements	<u>77,765</u>	<u>80,003</u>
Non Current		
Employee Entitlements	<u>33,328</u>	<u>34,287</u>
	<u>111,093</u>	<u>114,290</u>

Superannuation commitments

The Club contributes to the following superannuation plan for employees:

Club Plus, Host Plus, Australian Super, BT, First State, Intrust, Rest and Sun Super.

Types of benefits

The funds provide benefits that represent the accumulation of contributions to employers, providing lump sum or annuity benefits upon retirement, death or disability.

Contributions

The Club is under a legal obligation to contribute 9.50% of each employee's base salary to a superannuation fund

Details of contributions during the year are as follows:

Employer contributions to the plans	<u>131,868</u>	<u>123,635</u>
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NOTE 14 - KEY MANAGEMENT PERSONNEL DISCLOSURES FOR NON-DISCLOSING ENTITIES

The following were key management personnel of the Company at any time during the reporting period, and unless otherwise indicated were directors for the entire period:

Non Executive Directors

M. Houlder	President	Executives
P. McDermott	Vice president	Angus Rimmer - Secretary/Manager
M. French	Vice president	Katie Lewis - Administration Manager
P. Nash	Director	Mitchel Blundell - Catering Manager
A. MacGregor	Director	
R. White	Director	
I. Squire	Director	
A. Harding	Director	
A. Jones	Director	
J. Appleby	Director	

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

- Unless otherwise stated, transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

- There were no other transactions with any of the directors during the year.

The key management personnel compensations included in "Employee Benefits Expense" as follows:

	2018	2017
	\$	\$
Key Management Personnel Compensation	389,204	370,311
	<u>389,204</u>	<u>370,311</u>

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

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.

NOTE 15 - EVENTS AFTER THE REPORTING

From 31 December 2018 to the date of this report, there has been no subsequent event that would have a material effect on the financial position of the Company except as disclosed in these financial statements.

NOTE 16- FINANCE LEASE COMMITMENTS

Payable minimum lease payments		
Within one year	231,585	378,299
One year or later and no later than five years	<u>214,792</u>	<u>208,998</u>
Minimum lease liability payments	446,377	587,297
Less : Future finance and lease charges	<u>(21,288)</u>	<u>(29,695)</u>
	<u>425,089</u>	<u>557,602</u>
Lease liabilities provided for in the financial statements:		
Current	220,541	359,368
Non-current	<u>204,548</u>	<u>198,234</u>
Total lease liability	<u>425,089</u>	<u>557,602</u>

AVALON BEACH RSL CLUB LIMITED
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NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
NOTE 17 – OPERATING LEASE COMMITMENTS	\$	\$
Non- cancellable operating lease contracted for but not capitalised in the financial statements		
Payable minimum lease payments		
Within one year	48,600	42,660
One year or later and no later than five years	<u>134,888</u>	<u>159,728</u>
Total	<u><u>183,488</u></u>	<u><u>202,388</u></u>

NOTE 18 – COMPANY DETAILS

The Club is incorporated and domiciled in Australia as a Company. In accordance with the Constitution of the Club, every member of the Club undertakes to contribute an amount limited to \$2.00 per member. At 31st December 2018 there were 6,724 members (2017: 6,339 members).

The registered office of the Club is:
Avalon Beach RSL Club Limited
1 Bowling Green Lane
Avalon Beach NSW 2107

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AVALON BEACH RSL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Avalon Beach RSL Club Limited (the company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Avalon Beach 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 then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 – 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 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 part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

CONROY AUDIT & ADVISORY

Chartered Accountants



D R Conroy
Principal

154 Elizabeth Street SYDNEY NSW 2000
Dated: 20/03/2019

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Avalon Beach RSL Club Limited, the directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements;and
 - (b) give a true and fair view of the financial position of the company as at 31 December 2018 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Mark Houlder
President



Ian Squire
Director

Dated: 20/03/2019

AVALON BEACH RSL CLUB LIMITED
A.B.N. 59 000 968 838

Disclosure requirements under section 41E of the Registered Clubs Act 1976

Section 41E of the registered clubs act 1976 requires the club to disclose its core and non-core property, as defined, in the annual report.

The following properties are Core Properties of the Club:

The Club's defined trading premises situated at 1 Bowling Green Lane, Avalon Beach NSW 2107.

The following properties are Non Core Properties of the Club:

The Club's members on 15/12/2013 declared part of the rooftop of the Club's main premises at 1 Bowling Green Lane, Avalon Beach NSW 2107 as Non-Core Property.

Notes to Members

1. Section 41E (5) of the Registered Clubs Act requires the Annual Report to specify the Club's Core and Non-Core Properties as at the end of the financial year to which the report related to
2. Core Property is any real Property owned or occupied by the Club that comprises:
 - (a) the defined premises of the Club, Or
 - (b) any facility provided by the Club for use of its members and their guests, Or
 - (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be Core Property of the Club.
3. Non-Core Property is any other property (other than that referred to above as Core Property) and any property which is declared by the members at a general meeting of ordinary members of the Club not to be Core Property.
4. The significance of the distinction between Core Property and Non-Core Property is that the Club cannot dispose of any Core Property unless:
 - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which a majority of the votes cast supported the approval; and
 - (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.