

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 2019.

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.

Ian Squire Ian is a professional tradesman in the building industry. Appointed as Director October 2016.

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.

Adrian Harding Currently an Officer in the Australian Army - 33 years in Defence. Consultancy for major infrastructure projects, project management and contract administration
Adrian was appointed director in September 2017

Paul Sinclair Paul is a local business owner in the painting industry. Appointed May 2019.

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.
Resigned in October 2019.

Peter McDermott Served with the NSW Police Force, Portfolios include Marketing and Citations.
Resigned in February 2019.

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DIRECTORS' REPORT

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

	Held	Attended
M. Houlder	13	11
P. McDermott	2	1
M. French	13	9
P. Nash	13	9
P. Sinclair	8	7
R. White	13	12
I. Squire	13	11
A. Harding	13	11
A. Jones	13	10
J. Appleby	11	10

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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A.B.N.59 000 968 838

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

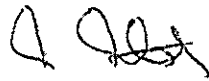
Member research

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 2019 the collective liability of members was \$13,168 (2018: \$13,448).

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: 22/06/2020

**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 2019 there have been:

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

CONROY AUDIT & ADVISORY
Chartered Accountants



D R Conroy
Principal

Sydney
Dated: 22/06/2020

AVALON BEACH RSL CLUB LIMITED

A.B.N. 59 000 968 838

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2019**

	Notes	2019 \$	2018 \$
Revenue from continuing operations			
Revenue	2	5,254,572	5,146,688
Other revenue	2	-	397,515
Total revenue from continuing operations		<u>5,254,572</u>	<u>5,544,203</u>
Expenses			
Cost of Sales	3	(1,207,878)	(1,131,574)
Advertising & Promotions Expense		(161,151)	(177,281)
Employee Benefits Expense		(1,724,831)	(1,661,813)
Insurance		(129,286)	(128,548)
Rental & Licence Expenses		(37,074)	(89,961)
Members & Patron Amenities		(533,125)	(537,978)
Poker Machine Duty		(324,972)	(324,743)
Repairs and Maintenance		(117,004)	(129,544)
Rates and Utilities		(151,832)	(130,640)
Other Expenses		(619,225)	(662,484)
Total Expenses		<u>(5,006,378)</u>	<u>(4,974,566)</u>
Earnings before depreciation, amortisation and finance costs		<u>248,194</u>	<u>569,637</u>
Depreciation and amortisation	3	(444,264)	(416,823)
Finance Costs	3	(98,506)	(109,046)
		<u>(542,770)</u>	<u>(525,869)</u>
Profit (Loss) before income tax		<u>(294,576)</u>	<u>43,768</u>
Income tax expense	4	-	-
Net Profit (Loss)		<u>(294,576)</u>	<u>43,768</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		<u>(294,576)</u>	<u>43,768</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED

A.B.N. 59 000 968 838

**STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2019**

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	279,320	402,893
Trade and Other Receivables	6	5,589	3,000
Inventories	7	86,925	88,823
Other Assets	8	50,144	84,810
TOTAL CURRENT ASSETS		<u>421,978</u>	<u>579,526</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	10	4,779,559	5,052,951
Right of Use Assets	10	35,336	-
Financial Assets	9	750	750
TOTAL NON-CURRENT ASSETS		<u>4,815,645</u>	<u>5,053,701</u>
TOTAL ASSETS		<u>5,237,623</u>	<u>5,633,227</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	331,079	370,135
Financial Liabilities	12	272,349	220,541
Short Term Provisions	13	62,298	77,765
TOTAL CURRENT LIABILITIES		<u>665,726</u>	<u>668,441</u>
NON CURRENT LIABILITIES			
Financial Liabilities	12	1,762,864	1,854,548
Long Term Provisions	13	26,699	33,328
TOTAL NON-CURRENT LIABILITIES		<u>1,789,563</u>	<u>1,887,876</u>
TOTAL LIABILITIES		<u>2,455,289</u>	<u>2,556,317</u>
NET ASSETS		<u>2,782,334</u>	<u>3,076,910</u>
MEMBERS' FUNDS			
Retained Earnings		<u>2,782,334</u>	<u>3,076,910</u>
TOTAL MEMBERS' FUNDS		<u>2,782,334</u>	<u>3,076,910</u>

The accompanying notes form part of these financial accounts.

AVALON BEACH RSL CLUB LIMITED

A.B.N. 59 000 968 838

**STATEMENT OF CHANGES IN MEMBERS' FUNDS
AS AT 31st DECEMBER 2019**

	Retained Earnings	Total
	\$	\$
Balance at 1st January 2018	<u>3,033,142</u>	<u>3,033,142</u>
Profit (Loss) 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>
Profit (Loss) attributable to members of the company	(294,576)	(294,576)
Balance at 31st December 2019	<u>2,782,334</u>	<u>2,782,334</u>

The accompanying notes form part of these financial accounts.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2019

	Notes	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Trading		5,779,646	5,660,929
Payments to Suppliers and Employees		(5,602,657)	(5,438,349)
Interest Received		348	389
Finance Costs		(96,069)	(109,046)
Net cash provided by (used in) operating activities		<u>81,268</u>	<u>113,923</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	(127,192)	(263,893)
Net cash provided by (used in) investing activities		<u>(127,192)</u>	<u>146,791</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		191,593	286,172
Repayment of Borrowings		(269,242)	(418,685)
Net cash provided by (used in) financing activities		<u>(77,649)</u>	<u>(132,513)</u>
<i>Net increase/(decrease) in cash held</i>		<u>(123,573)</u>	<u>128,201</u>
Cash at 1st January 2019		<u>402,893</u>	<u>274,692</u>
CASH at 31st December 2019	5	<u><u>279,320</u></u>	<u><u>402,893</u></u>

The accompanying notes form part of these financial accounts.

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 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Avalon Beach RSL Limited (the company) is a company incorporated and domiciled in Australia. The financial statements of the Company are as at and for the year ended 31 December 2019.

The Company is a company limited by guarantee and without share capital. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$2 per member in the event of the Company's insolvency. The Company is a not-for-profit entity and is primarily involved in the operation of a registered club.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the 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.

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

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

There was no impact on the adoption of the abovementioned standards.

	New \$	Previous \$	Difference
Assets	79,016	-	79,016
Liabilities	79,016	-	79,016
Net Assets	<u> -</u>	<u> -</u>	<u> -</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 2019

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

Basis of preparation

Avalon Beach RSL Limited has elected to adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. 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 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.

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

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 2019

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

Leases

Refer Note 1 AASB 16 New or amended Accounting Standards and Interpretations adopted.

Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sales revenue

Food and beverage

Food and beverage revenue is recognised when received or receivable.

Membership subscriptions

Membership subscriptions are recognised in the year they relate to on an accruals basis.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Donations

Donations are recognised when received.

Grants

Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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 2019

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held in the company's normal operating cycle; it is held in the company's normal operating cycle; it is held in the company's normal operating cycle. A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held in the company's normal operating cycle. Deferred tax assets and liabilities are always classified as non-current.

Cash

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.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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 or as part of an expense item. Receivables and payables in the statement of financial position are shown GST inclusive.

Comparative Figures

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

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.

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 2019

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Critical Accounting Estimates and Judgments 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, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 useful lives could change significantly as a result of technical innovations or some other event. 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of 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.

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 2019

NOTE 2 – REVENUE	2019	2018
Operating Activities:	\$	\$
Bar Sales	1,904,002	1,873,886
Food and Catering	1,120,635	1,114,396
Poker Machine Takings	2,101,271	2,045,603
Membership Subscriptions	30,403	29,042
Commissions, Rebates, Room Hire	77,088	64,115
Interest Received	348	389
Other Income	<u>20,825</u>	<u>19,257</u>
	<u>5,254,572</u>	<u>5,146,688</u>
 Other Revenue:		
Profit on disposal of Non Current Assets	<u>-</u>	<u>397,515</u>
	<u>-</u>	<u>397,515</u>
Total Revenue	<u>5,254,572</u>	<u>5,544,203</u>

NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

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

(a) Expenses

Cost of Sales	1,207,878	1,131,574
Interest and finance charges	98,506	109,046
Loss on Disposal of Non Current Assets	<u>-</u>	<u>10,016</u>
	<u>1,306,384</u>	<u>1,250,636</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 2019

	2019	2018
	\$	\$
(b) Significant Revenue and Expenses		
Depreciation and Amortisation of Non-Current Assets:		
Depreciation	400,584	416,823
Amortisation	43,680	-
Total Depreciation and Amortisation	<u>444,264</u>	<u>416,823</u>
Gain on disposal of Non Current Assets	<u>-</u>	<u>397,515</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 is as follows:

Income tax expense prima facie	(81,008)	13,130
Future income tax benefit on losses not brought to account	-	-
Non assessable income	30,403	29,042
Non allowable deductions	77,854	68,448
Adjustment under the concept of mutuality	(27,249)	(110,620)
	<u>(0)</u>	<u>-</u>

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash on Hand	125,000	125,000
Cash at Bank	154,320	277,893
	<u>279,320</u>	<u>402,893</u>

NOTE 6 – TRADE AND OTHER RECEIVABLES

Current		
Trade and Other Receivables	<u>5,589</u>	<u>3,000</u>

NOTE 7 – INVENTORIES

Beverage and Catering Stock - at Cost	<u>86,925</u>	<u>88,823</u>
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NOTE 8 – OTHER ASSETS

Current		
Prepayments	<u>50,144</u>	<u>84,810</u>
	<u>50,144</u>	<u>84,810</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 2019

Non-Current	2019	2018
	\$	\$
NOTE 9 – FINANCIAL ASSETS		
Shares ILG at cost	<u>750</u>	<u>750</u>
Right of Use Assets		
Right of Use Assets - Dumbar Park/Council Lease	79,016	-
Less Accumulated Amortisation	<u>(43,680)</u>	<u>-</u>
	<u>35,336</u>	<u>-</u>
NOTE 10 – PROPERTY, PLANT AND EQUIPMENT		
Property		
Land at cost	1,219,000	1,219,000
	<u>1,219,000</u>	<u>1,219,000</u>
Buildings		
Buildings at cost	2,914,003	2,914,003
Less Accumulated	<u>(555,293)</u>	<u>(500,782)</u>
	<u>2,358,710</u>	<u>2,413,221</u>
Total Property	<u>3,577,710</u>	<u>3,632,221</u>
Leasehold Improvements		
Leasehold Improvements at cost	404,743	391,391
Less Accumulated Depreciation	<u>(172,150)</u>	<u>(167,477)</u>
Total Leasehold Improvements	<u>232,593</u>	<u>223,914</u>
Plant, Furniture & Fittings at cost		
Plant, Furniture & Fittings at cost	5,490,154	5,376,314
Less Accumulated Depreciation	<u>(4,520,898)</u>	<u>(4,179,498)</u>
Total Plant, Furniture & Fittings	<u>969,256</u>	<u>1,196,816</u>
Total Property, Plant and Equipment	<u>4,779,559</u>	<u>5,052,951</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 have reviewed the key assumptions adopted by the valuers and do not believe there is a significant change in the assumptions at 31/12/2019. The Directors therefore believe the carrying value of the land and buildings is not more than the recoverable amount at 31 December 2019.

(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	2,413,221	1,196,816	223,914	5,052,951
Additions	-	-	113,840	13,352	127,192
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	<u>(54,511)</u>	<u>(341,400)</u>	<u>(4,673)</u>	<u>(400,584)</u>
Carrying amount at the end of year	<u>1,219,000</u>	<u>2,358,710</u>	<u>969,256</u>	<u>232,593</u>	<u>4,779,559</u>

NOTE 11 – TRADE AND OTHER PAYABLES

Current

Unsecured liabilities

Trade Creditors	300,916	323,023
Sundry creditors and accrued expenses	<u>30,163</u>	<u>47,112</u>
	<u>331,079</u>	<u>370,135</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 2019

	2019	2018
	\$	\$
NOTE 12 - FINANCIAL LIABILITIES		
Current		
Secured Liabilities		
Lease liabilities - operating	37,773	-
Lease liabilities - other	234,576	220,541
	<u>272,349</u>	<u>220,541</u>
Non-Current		
Secured Liabilities		
Lease liabilities - other	112,864	204,548
Bank Loan Facility	1,650,000	1,650,000
	<u>1,762,864</u>	<u>1,854,548</u>

NOTE 13 – PROVISIONS

Current		
Employee Entitlements	<u>62,298</u>	<u>77,765</u>
Non Current		
Employee Entitlements	<u>26,699</u>	<u>33,328</u>
	<u>88,997</u>	<u>111,093</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>150,352</u>	<u>131,868</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
M. French	Vice president
Ian Squire	Vice president
P. Nash	Director
R. White	Director
A. Harding	Director
P. Sinclair	Director
A. Jones	Director

Executives

Angus Rimmer - Secretary/Manager
Katie Lewis - Administration Manager
Mitchel Blundell - Catering Manager

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 2019**

- 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:

	2019	2018
	\$	\$
Key Management Personnel Compensation	416,663	389,204
	<u>416,663</u>	<u>389,204</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

On the 23 March 2020 the Club was forced to close by the Federal Government due to the Impact of the COVID - 19 Pandemic. The closure significantly impacted the Club's revenues in the areas of food, beverage, gaming and functions. On the 22 May 2020 the NSW Government eased restrictions on Clubs allowing them to re-open on 1 June subject to a number of conditions aimed at restricting the spread of the virus. The Directors believe the Club is well placed to remain viable and solvent and continue as a going concern and have signed an unqualified Directors Declaration (Solvency Statement) on that basis.

NOTE 16-- FINANCE LEASE COMMITMENTS

Payable minimum lease payments

Within one year	244,999	231,585
One year or later and no later than five years	<u>116,193</u>	<u>214,792</u>
Minimum lease liability payments	361,192	446,377
Less : Future finance and lease charges	<u>(13,752)</u>	<u>(21,288)</u>
	<u>347,440</u>	<u>425,089</u>

Lease liabilities provided for in the financial statements:

Current	234,576	220,541
Non-current	<u>112,864</u>	<u>204,548</u>
Total lease liability	<u>347,440</u>	<u>425,089</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 2019 there were 6,584 members (2018: 6,724 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 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of 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 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

We 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 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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: 22/06/2020

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 2019 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Mark Houlder
President



Ian Squire
Director

Dated: 22/05/2020

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.