

Kempsey Macleay RSL Club Ltd

Financial Statements

For the Year Ended 31 December 2018

Kempsey Macleay RSL Club Ltd

Contents

For the Year Ended 31 December 2018

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Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2018

The directors present their report on Kempsey Macleay RSL Club Ltd for the financial year ended 31 December 2018.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Ronald James Kennedy

Experience

This is the 5th year that Ron has been on the Kempsey Macleay RSL Club Ltd Board. Ron was previously Vice President of DavistownRSL Bowling Club

Other directorships in listed entities held in the previous three years

Ron is currently also the President of the Kempsey Macleay RSL Men's Bowling Club.

Paul Maurice McGregor

Experience

This is the second time Paul has been appointed to the Board of Directors. the first 1993 to 1999, 6 years, the second time was 2004 to current 13 years and seven months. A total of 20 years and seven months working for the members of the club.

Other directorships in listed entities held in the previous three years

Member of the Finance Committee

Robert Thomas Ainsworth

Experience

Robert has been on the board for 33 years 1 month

Gregory Joseph Brown

Qualifications

Gregory has been on the board of directors for 6 years and seven months.

Special responsibilities

Gregory is the Police Liaison Officer for Kempsey community

John Daley

Experience

John has been on the Board of Directors since August 2016.

Special responsibilities

Member of the Finance Committee.

Warren Gallard

Experience

Warren has been on the Board since 20 October 2015

John Graham

Experience

John became a member of the Board this year.

Other current directorships in listed entities

John is the Treasurer of the Kempsey Race Club

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

Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2018

1. General information

Principal activities

The principal activity of Kempsey Macleay RSL Club Ltd during the financial year was the provision of social amenities for members and their guests.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Further increase the club amenity by providing the best hospitality, entertainment and gaming on the Mid North Coast.
- Increase penetration into existing markets

Long term objectives

The Company's long term objectives are to:

- Redevelop existing properties to increase the scope of activities offered to members.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Identifying employee development opportunities and career development plans for all staff.
- Ensuring a strong customer focus in service provisions.
- Promoting a sense of community and belonging throughout the Kempsey Macleay RSL Club constituency
- Reducing the costs of operations through redesigning the work place and work practices.

Performance measures

The following measures are used within the Company to monitor performance:

- Gross Profit Margin.
- Net Profit Margin.
- Allocation of costs to cost centres.
- Estimates and Judgements.

Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2018

1. General information

Members' guarantee

Kempsey Macleay RSL Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 for members that are corporations and \$ 2 for all other members, subject to the provisions of the company's constitution.

At 31 December 2018 the collective liability of members was \$ 18,138 (2017: \$ 17,732).

Core property under Section 41J(2) of the Registered Clubs Act

In Terms of Section 41J(2) of the Registered Clubs Act, the following are regarded as core properties of the club

1. 1 York Lane, Kempsey NSW
2. 13 Austral Street, Kempsey NSW

2. Other items

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Maurice McGregor	12	12
Ronald James Kennedy	12	12
Robert Thomas Ainsworth	12	12
Gregory Joseph Brown	12	8
John Daley	12	11
Warren Gallard	12	12
John Graham	8	5

Kempsey Macleay RSL Club Ltd

Directors' Report

31 December 2018

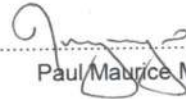
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 5 of the financial report.

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

Director: 
Ronald James Kennedy

26. 2. 2019.

Director: 
Paul Maurice McGregor

26. 2. 19



Authorised Audit Company
488032

Kempsey Macleay RSL Club Ltd

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Kempsey Macleay RSL Club Ltd

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

Chartered Accountants

Judy Brown B Bus CA

27 Feb 2019

Nelson's Plains NSW

Kempsey Macleay RSL Club Ltd

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

	2018	2017
	\$	\$
Revenue	9,322,060	9,157,732
Other income	537,972	529,515
Changes in inventories of finished goods and work in progress	(1,852,479)	(1,875,176)
Employee Expenses	(3,412,847)	(3,219,631)
Depreciation, amortisation and impairments	(1,229,563)	(1,199,058)
Administrative expenses	(1,842,568)	(1,750,764)
Other Expenses	(1,194,355)	(1,178,359)
Finance costs	(137,251)	(167,949)
Surplus before income tax	190,969	296,310
Income tax expense	-	-
Surplus for the year	190,969	296,310
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	190,969	296,310

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Financial Position

As At 31 December 2018

	2018	2017
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5 502,936	543,158
Trade and other receivables	6 70,626	89,707
Inventories	7 217,982	198,570
Other assets	10 87,167	114,756
TOTAL CURRENT ASSETS	878,711	946,191
NON-CURRENT ASSETS		
Property, plant and equipment	8 13,524,339	12,924,476
Intangible assets	9 1,288,000	1,288,000
Other assets	6,500	5,000
TOTAL NON-CURRENT ASSETS	14,818,839	14,217,476
TOTAL ASSETS	15,697,550	15,163,667
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	11 663,245	697,969
Borrowings	12 680,408	603,743
Employee benefits	14 314,843	297,580
Other financial liabilities	13 36,217	52,544
TOTAL CURRENT LIABILITIES	1,694,713	1,651,836
NON-CURRENT LIABILITIES		
Borrowings	12 2,737,250	2,474,602
Employee benefits	14 72,065	61,421
Other financial liabilities	13 22,229	16,912
TOTAL NON-CURRENT LIABILITIES	2,831,544	2,552,935
TOTAL LIABILITIES	4,526,257	4,204,771
NET ASSETS	11,171,293	10,958,896
EQUITY		
Reserves	1,024,758	1,024,758
Retained earnings	10,146,535	9,934,138
TOTAL EQUITY	11,171,293	10,958,896

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Changes in Equity
For the Year Ended 31 December 2018

2018

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 January 2018	9,934,138	1,024,758	10,958,896
Surplus attributable to members of the entity	190,969	-	190,969
Balance at 31 December 2018	10,146,535	1,024,758	11,171,293

2017

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 January 2017	9,637,828	1,024,758	10,662,586
Surplus attributable to members of the parent entity	296,310	-	296,310
Balance at 31 December 2017	9,934,138	1,024,758	10,958,896

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Statement of Cash Flows For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	9,879,113	9,653,452
Payments to suppliers and employees	<u>(8,637,384)</u>	<u>(8,289,374)</u>
Net cash provided by/(used in) operating activities	<u>1,241,729</u>	<u>1,364,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(810,388)</u>	<u>(829,020)</u>
Net cash provided by/(used in) investing activities	<u>(810,388)</u>	<u>(829,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of transaction costs	<u>(476,564)</u>	<u>(357,713)</u>
Net cash provided by/(used in) financing activities	<u>(476,564)</u>	<u>(357,713)</u>
Net increase/(decrease) in cash and cash equivalents held	(45,223)	177,345
Cash and cash equivalents at beginning of year	<u>548,159</u>	<u>370,814</u>
Cash and cash equivalents at end of financial year	5 <u>502,936</u>	<u>548,159</u>

The accompanying notes form part of these financial statements.

Kempsey Macleay RSL Club Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Kempsey Macleay RSL Club Ltd as an individual entity. Kempsey Macleay RSL Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Kempsey Macleay RSL Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 26 February 2019.

Comparatives are consistent with prior years, unless otherwise stated.

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(b) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

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

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

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5% to 33.34%
Poker Machines	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(h) Financial instruments

- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(h) Financial instruments

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(h) Financial instruments

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Adoption of new and revised accounting standards

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 January 2018. 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

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(k) Adoption of new and revised accounting standards

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.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Kempsey Macleay RSL Club Ltd

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

4 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
- Bar Sales and Poker Machine Clearances	6,869,950	6,940,698
- Bingo and Raffles	222,951	222,207
- Catering	2,383,146	2,144,720
- Commission Fees	259,514	241,720
- Interest	835	467
- Profit on Disposal of Asset	-	5,385
- Room Hire	45,861	66,064
- Members Subscriptions	66,976	65,986
	9,849,233	9,687,247

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	502,936	543,158
	502,936	543,158

6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	70,626	89,707
	70,626	89,707
Total current trade and other receivables	70,626	89,707

7 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Trading Stock	208,630	188,719
Non Trading	9,352	9,851
	217,982	198,570
	217,982	198,570

Write downs of inventories to net realisable value during the year were \$ NIL (2017: \$ NIL).

Kempsey Macleay RSL Club Ltd

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

8 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At Valuation	1,196,513	1,196,513
Total Land	1,196,513	1,196,513
Buildings		
At cost	12,105,268	12,022,369
Accumulated depreciation	(3,281,747)	(2,924,671)
Impairment	(137,000)	(137,000)
Total buildings	8,686,521	8,960,698
Total land and buildings	9,883,034	10,157,211
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	5,107,763	4,910,896
Accumulated depreciation	(4,238,093)	(4,000,687)
Total plant and equipment	869,670	910,209
Poker Machines		
At cost	4,397,985	4,174,883
Accumulated depreciation	(3,161,502)	(2,843,550)
Total Poker Machines	1,236,483	1,331,333
Office equipment		
At cost	513,999	505,838
Accumulated depreciation	(143,376)	(125,473)
Total office equipment	370,623	380,365
Work in Progress		
At cost	1,164,529	145,358
Total plant and equipment	3,641,305	2,767,265
Total property, plant and equipment	13,524,339	12,924,476

Kempsey Macleay RSL Club Ltd

Notes to the Financial Statements

For the Year Ended 31 December 2018

8 Property, plant and equipment

(a) 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 Equipmen t	Poker Machines	Office Equipmen t	Work In Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December 2018							
Balance at the beginning of year	1,196,513	8,960,698	910,210	1,331,332	380,365	145,358	12,924,476
Additions	-	127,015	197,001	478,212	8,160	-	810,388
Disposals	-	-	(135)	-	-	-	(135)
Transfers	-	-	-	-	-	1,019,171	1,019,171
Depreciation expense	-	(401,192)	(237,406)	(573,061)	(17,904)	-	(1,229,563)
Balance at the end of the year	1,196,513	8,686,521	869,670	1,236,483	370,621	1,164,531	13,524,339

Section 41J(2) of the Registered Clubs Act, requires that property owned by the club be presented as core or non core. The following are the core properties:

- 1 York Lane, Kempsey NSW
- 13 Austral Street, Kempsey NSW

9 Intangible Assets

Poker Machine Entitlements at Valuation	1,288,000	1,288,000
Total Intangibles	1,288,000	1,288,000

10 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	87,167	114,756

11 Trade and Other Payables

	Note	2018	2017
		\$	\$
Current			
Trade payables		458,109	548,498
Deposits		66,815	42,090
GST payable		(291)	(57)
Sundry payables and accrued expenses		112,687	105,694
Employee Amenities		25,925	1,744
		663,245	697,969

Notes to the Financial Statements

For the Year Ended 31 December 2018

11 Trade and Other Payables

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Borrowings

	2018	2017
	\$	\$
CURRENT		
Secured liabilities:		
Lease liability secured	260,408	183,743
Bank loans	420,000	420,000
	<u>680,408</u>	<u>603,743</u>
Total current borrowings	<u>680,408</u>	<u>603,743</u>
	2018	2017
	\$	\$
NON-CURRENT		
Secured liabilities:		
Lease liability secured	121,767	140,101
Bank loans	2,615,483	2,334,501
	<u>2,737,250</u>	<u>2,474,602</u>
Total non-current borrowings	<u>2,737,250</u>	<u>2,474,602</u>

I

(a) Bank overdrafts

The bank overdrafts of the parent entity and subsidiaries are secured by a registered first mortgage over certain freehold properties of controlled entities.

(b) Bank and mortgage loans

The bank and mortgage loans are secured by first registered mortgages over certain freehold property of the parent entity and the subsidiaries.

Registered Mortgage over property situated at 1 York Lane Kempsey NSW More particularly described in Certifying of the Title Folio Identifier 1/1088036 and 2/1111214

The facility agreement has a variable interest rate and the facility expires four (4) years after drawdown. The agreement was interest only for the 2015 financial year. Principal repayment commenced in February 2016.

Additional Covenants

Six monthly unaudited financial statements along with ATO accounting details are to be provided to the bank no less than 45 days after the end of the period and the provision of audited financial reports within 30 days of

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

12 Borrowings

(b) Bank and mortgage loans

being requested.

The interest cover ratio calculated using EBITDA, for each financial half year will not be less than 3:1.

(c) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Total borrowings	3,417,658	3,078,345
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Leased liabilities are secured by the underlying leased assets.

13 Other Financial Liabilities

	2018	2017
	\$	\$
CURRENT		
Membership in advance	37,006	32,552
Other financial liabilities	(789)	19,992
Total	36,217	52,544

	2018	2017
	\$	\$
NON-CURRENT		
Membership in advance	22,229	16,912

14 Employee Benefits

	2018	2017
	\$	\$
Current liabilities		
Long service leave	105,225	98,535
Provision for employee benefits	209,618	199,045
	314,843	297,580

	2018	2017
	\$	\$
Non-current liabilities		
Long service leave	72,065	61,421

Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Leasing Commitments

(a) Finance leases

Finance leases are in place for Poker Machines] and normally have a term between 1 and 3 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Operating leases

The club has no operating leases.

16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Kempsey Macleay RSL Club Ltd during the year are as follows:

The total remuneration paid to key management personnel of the Company is \$ 367,502 (2017: \$ 281,960).

17 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Property, plant and equipment

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017:None).

19 Related Parties

The club has no related party transactions during the year.

20 Events after the end of the Reporting Period

The financial report was authorised for issue on 26 February 2019 by the Board of Directors.

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

21 Statutory Information

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

Kempsey Macleay RSL Club Ltd
1 York Lane
Kempsey NSW 2440

Kempsey Macleay RSL Club Ltd


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 22, 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 as at 31 December 2018 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
Ronald James Kennedy

Director 
Paul Maurice McGregor

Dated 26/2/19

26.2.2019.



Authorised Audit Company
488032

Kempsey Macleay RSL Club Ltd

Independent Audit Report to the members of Kempsey Macleay RSL Club Ltd

Report on the Audit of the Financial Report

Opinion

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

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended; 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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.

Liability limited by a scheme approved under Professional Standards Legislation.

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 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 the financial report.

Chartered Accountants



Judy Brown B Bus CA
Brown Audit and Assurance Services Pty Ltd

Location Nelson's Plain's

Dated this27..... day ofFeb 2019