

COOGEE LEGION EX-SERVICE CLUB LIMITED

ABN 24 000 085 263

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

COOGEE LEGION EX-SERVICE CLUB LIMITED
ABN 24 000 085 263
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2018.

DIRECTORS

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

NAME	OCCUPATION	YEARS OF EXPERIENCE DIRECTORSHIP
Brennan, G. (retired 29/10/17)	Consultant	9
Piercy, J.J.	Sales Manager	9
Davison, R. (retired 29/10/17)	Retiree	7
Carter, M.G.	Spare Parts Interpreter	11
Lasker, C.A.	Sales Support	7
Oats, G. (retired 29/10/17)	Self-employed	3
Lyons, D. (retired 29/10/17)	Real Estate Agent	3
Dubos, J. E. (appointed 29/10/17)	Rugby Coach	6
Lasker, G. (appointed 29/10/17)	Unemployed	1
Murphy, T.M. (appointed 29/10/17)	Retiree	7
James, G.P. (appointed 29/10/17)	WHS Professional	1

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

COMPANY SECRETARY

The person who held the position of company secretary at the end of the financial year was Mr Aidan Reynolds. Mr Reynolds has extensive management experience in the hospitality industry. Mr Reynolds was appointed on 23 May 2011.

PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was community club operations. There were no other significant changes in the nature of the company's principal activities during the financial year.

OBJECTIVES

The company's short-term objectives are to:

- provide a food and beverage service to members
- provide a safe and comfortable environment

The company's long-term objectives are to:

- ensure the financial viability of the club
- maintain the club to the best of standards for its members

COOGEE LEGION EX-SERVICE CLUB LIMITED
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DIRECTORS' REPORT

STRATEGIES

To achieve its stated objectives, the company has adopted the following strategies:

- marketing to its members
- providing the best food offering available
- keeping prices low
- restructuring operating hours

KEY PERFORMANCE MEASURES

The club measures its own performance through the use of mainly qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

OPERATING RESULTS

The profit of the company after providing for income tax amounted to \$217,687 (2017 - \$319,868).

REVIEW OF OPERATIONS

Consistent with the 2016/17 year performance, the club has made a profit in the 2017/18 year although the profit was smaller than the 2016/17 year by some \$102,000. The 2016/17 was a special year as the club made a windfall gain of about \$180,000 from insurance proceeds on 9 water-damaged gaming machines.

The major contributing factors (rounded in thousands) to the 2017/18 profit were:

- improved bar profit of \$143,000
- improved gaming machine profit of \$122,000
- increased payroll costs of \$110,000

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

AFTER BALANCE DATE EVENTS

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.

COOGEE LEGION EX-SERVICE CLUB LIMITED
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DIRECTORS' REPORT

FUTURE DEVELOPMENTS

The directors do not expect any developments to occur in the operations of the company which would affect expected results of operations in subsequent financial years.

ENVIRONMENTAL ISSUES

The company's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

MEETINGS OF DIRECTORS

During the financial year, 12 meetings of directors (including regular and special) were held. Attendances were:

Directors	Special Responsibilities	Number Eligible to Attend	Number Attended
Brennan, G.		4	3
Piercy, J.J.		12	10
Lasker, C.A.		12	10
Davison, R.	Retired President	4	4
Carter, M.G.	Vice-President	12	12
Oates, G.		4	4
Lyons, D.		4	4
Dubos, J.E.	Current President	8	8
Lasker, G.		8	7
Murphy, T.M.		8	8
James, G.P.		8	8

COOGEE LEGION EX-SERVICE CLUB LIMITED
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DIRECTORS' REPORT

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of the following officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$2,335 for the officers below:

Brennan, G.
Piercy, J.J.
Lasker, C.A.
Davison, R.
Carter, M.G.
Oates, G.
Lyons, D.
Dubos, J.
Lasker, G.
Murphy, T.M.
James, G. P.
Reynolds, A.J.

MEMBERS' LIABILITY

The company has only financial members by classification. Financial members are liable to contribute up to \$2 in the event of the wind-up of the company. As at 30 June 2018, there were 5,138 members.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on the page immediately following the directors' report.

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

COOGEE, 27 August 2018

Director

J. Dubos

Director

T.M. Murphy

COOGEE LEGION EX-SERVICE CLUB LIMITED
ABN 24 000 085 263
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COOGEE LEGION EX-SERVICE CLUB LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 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.

WONG & FERGUSON
Chartered Accountants

G. Wong

Date: 27 August 2018

Address: Suite 909, 99 Bathurst Street SYDNEY NSW 2000

COOGEE LEGION EX-SERVICE CLUB LIMITED
ABN 24 000 085 263
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	2	3,236,945	3,100,274
Employee benefits expense		-929,008	-819,125
Depreciation expense		322,866	313,700
Advertising expense		-22,780	-35,313
Auditor's remuneration - audit & non-audit services		-24,000	-24,000
Directors' honoraria		0	0
Accountancy expense - stocktake		-6,650	-5,400
Finance costs	3	-38,458	-53,499
Other expenses		-2,150,129	-1,975,174
Profit/(loss) before income tax		<u>388,786</u>	<u>501,463</u>
Income tax expense	4	-171,099	-181,595
Profit/(loss) attributable to members of the entity		<u><u>217,687</u></u>	<u><u>319,868</u></u>
Net profit/(loss) for the year		217,687	319,868
Other comprehensive income:			
Revaluation gain/-loss on land & buildings, net of tax		<u>0</u>	<u>-608,886</u>
Other comprehensive income for the year, net of tax		<u>0</u>	<u>-608,886</u>
Total comprehensive income/(loss) for the year		<u><u>217,687</u></u>	<u><u>(289,018)</u></u>
Total comprehensive income/(loss) attributable to members of the entity		<u><u>217,687</u></u>	<u><u>(289,018)</u></u>

The accompanying notes form part of these financial statements

COOGEE LEGION EX-SERVICE CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash on hand	7	466,982	245,810
Trade and other receivables	8	80,631	65,532
Inventories	9	44,251	37,595
TOTAL CURRENT ASSETS		591,864	348,937
NON-CURRENT ASSETS			
Property, plant and equipment	10	22,547,385	22,651,288
Deferred tax assets	11	9,091	7,721
TOTAL NON-CURRENT ASSETS		22,556,476	22,659,009
TOTAL ASSETS		23,148,340	23,007,946
CURRENT LIABILITIES			
Payables	12	352,375	155,691
Financial liabilities	13	19,271	37,450
Current tax liabilities	14	57,424	65,870
Provisions	15	139,585	117,483
TOTAL CURRENT LIABILITIES		568,655	376,494
NON-CURRENT LIABILITIES			
Financial liabilities	13	599,094	868,548
TOTAL NON-CURRENT LIABILITIES		599,094	868,548
TOTAL LIABILITIES		1,167,749	1,245,042
NET ASSETS		21,980,591	21,762,904
EQUITY			
Reserves	16	20,778,307	20,778,307
Retained earnings		1,202,284	984,597
TOTAL EQUITY		21,980,591	21,762,904

The accompanying notes form part of these financial statements.

COOGEE LEGION EX-SERVICE CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Note	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2016	664,729	21,387,192	22,051,921
Profit/(loss) attributable to members	319,868		319,868
Revaluation increment/(decrement)		(608,886)	(608,886)
Balance at 30 June 2017	984,597	20,778,306	21,762,903
Profit/(loss) attributable to members	217,687		217,687
Revaluation increment/(decrement)			
Balance at 30 June 2018	1,202,284	20,778,306	21,980,590

The accompanying notes form part of these financial statements.

COOGEE LEGION EX-SERVICE CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	5,680,601	5,560,351
Payments to suppliers and employees	(4,739,921)	(4,876,562)
Interest received	1,010	810
Finance costs	(38,458)	(53,499)
Income tax paid	(154,953)	(154,924)
Net cash provided by (used in) operating activities	19 748,279	476,176
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment		231,004
Payment for property, plant and equipment	(239,474)	(418,311)
Net cash provided by (used in) investing activities	(239,474)	(187,307)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(287,633)	(235,767)
Net cash provided by (used in) financing activities	(287,633)	(235,767)
Net increase (decrease) in cash held	221,172	53,102
Cash at beginning of year	245,810	192,708
Cash at end of year	7 466,982	245,810

The accompanying notes form part of these financial statements

COOGEE LEGION EX-SERVICE CLUB LIMITED
ABN 24 000 085 263
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers Coogee Legion Ex-service Club Limited as an individual entity. Coogee Legion Ex-service Club Limited is a company limited by guarantee, incorporated and domiciled in Australia

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards

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

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 27 August 2018 by the directors of the company

COOGEE LEGION EX-SERVICE CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

a. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. **Inventories**

Inventories are measured at the lower of cost and current replacement cost, the company being a not-for-profit entity. Costs are assigned on a first-in first-out basis.

c. **Property, Plant and Equipment**

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

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FOR THE YEAR ENDED 30 JUNE 2018

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

Plant & Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those 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 present values in determining recoverable amounts.

The **depreciable** amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	0–100%

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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FOR THE YEAR ENDED 30 JUNE 2018

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at “fair value through profit or loss” when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a “loss event”), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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e. **Impairment of Assets**

At each reporting date, the entity reviews the carrying values of its tangible and intangible 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **Employee Benefits**

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

g. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h. **Cash on Hand**

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

i. **Revenue**

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

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

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

j. **Fair Value of Assets and Liabilities**

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

k. 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 item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

l. Comparative Figures

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

m. Change in Accounting Policy

The company has not changed its accounting policy for the year ended 30 June 2018.

COOGEE LEGION EX-SERVICE CLUB LIMITED
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n. **New Accounting Standards for Application in Future Periods**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 9 : *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The company has established a AASB 9 project team and is in the process of completing its impact assessment of AASB 9 . Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the company.

- AASB 15 : *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8 : *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108 : *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The company has established a AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the company.^{5 , 8}

- AASB 16 : *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).⁹

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

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- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 : *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The company has established a AASB 16 project team and is in the process of completing its impact assessment of AASB 16 . Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is not expected to have a material effect on the company. It is impracticable at this stage to provide a reasonable estimate of such impact.¹⁰

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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	2018	2017
	\$	\$
NOTE 2: REVENUE		
Operating activities		
- sale of goods & services	3,235,935	3,099,464
- interest	2a 1,010	810
Total Revenue	3,236,945	3,100,274
2a Interest from:		
- other persons	1,010	810

	2018	2017
	\$	\$
NOTE 3: PERFORMANCE RESULT FROM ORDINARY ACTIVITIES		

a. Expenses		
Cost of sales	632,324	552,724
Finance costs:		
- external	38,458	53,499
b. Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Profit on disposal of gaming machines		180,659

	2018	2017
	\$	\$

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise:		
Current tax	172,469	181,960
Deferred tax	(1,370)	(365)
	171,099	181,595

Imputation credits are built up through tax payments but cannot be used as no dividend can be paid as a non-profit entity

b. The prima facie tax payable on operating profit is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 27.5%	106,916	137,902
Add: effect of income tax computation under the mutuality principle	64,183	43,693
Income Tax Expense	171,099	181,595

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	2018	2017
	\$	\$

NOTE 5: DIRECTORS' REMUNERATION

Remuneration received or receivable by all directors in connection with the management of the company:

The names of directors who have held office during the financial year, or received remuneration are:

- Brennan, G.
- Piercy, J.J.
- Lasker, C.A.
- Davison, R.
- Carter, M.G.
- Oates, G.
- Lyons, D.
- Dubos, J.E.
- Lasker, G.
- Murphy, T.M.
- James, G.P.

	2018	2017
	\$	\$

NOTE 6: AUDITORS' REMUNERATION

Remuneration of auditor of the company for:

— auditing the financial report	6,000	6,000
— other services including taxation services	18,000	18,000
	24,000	24,000

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	2018	2017
	\$	\$
NOTE 7: CASH ON HAND		
Cash at bank	381,202	170,030
Tills & float	80,050	70,050
Deposits at call	5,730	5,730
	466,982	245,810

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash	466,982	245,810
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	2018	2017
	\$	\$
NOTE 8: TRADE AND OTHER RECEIVABLES		
Trade debtors	27,928	17,519
Other debtors and prepayments	52,703	48,013
	80,631	65,532

All receivables are expected to be settled within their terms and conditions agreed between the company and the customers. No impairment provision has been raised.

	2018	2017
	\$	\$
NOTE 9: INVENTORIES		
At cost		
Liquor stock	44,251	37,595
	44,251	37,595

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	2018	2017
	\$	\$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings (Core Property)		
Freehold land at valuation	17,200,000	17,200,000
	17,200,000	17,200,000
Buildings at valuation	5,300,000	4,500,000
Less accumulated depreciation	948,590	
	4,351,410	4,500,000
Total Land and Buildings	21,551,410	21,700,000
Plant and equipment - at cost	3,139,350	2,989,625
Less accumulated depreciation	2,143,375	2,038,337
	995,975	951,288
Total Property, Plant and Equipment	22,547,385	22,651,288

The company's land and buildings were revalued at 30 June 2017 by independent valuers Aon Risk Solutions Valuation Services. The 2017/18 carrying amount was based on directors' valuation.

The 2017 independent valuation was made on the basis of open market value. The revaluation surplus was credited to an asset revaluation reserve in members' equity.

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 resulted in a revaluation decrement of \$608,886 which has been recognised for the year ended 30 June 2017 as a reduction against previous revaluation increments.

No provision for deferred income tax is raised in respect of any potential capital gains tax as the club's freehold property was acquired prior to the commencement date of the capital gains tax legislation.

For the directors' valuation, the directors reviewed the key assumptions made by the valuers in their most recent revaluation. The directors have concluded that these assumptions remain materially unchanged, and are satisfied that the carrying amount does not exceed the recoverable amount of land and buildings.

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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

	Freehold Land \$	Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of year	17,200,000	4,500,000	951,288	22,651,288
Additions			239,474	239,474
Disposals			20,511	20,511
Revaluation increments/(decrements)				
Depreciation expense		148,590	174,276	322,866
Carrying amount at the end of year		4,351,410	995,975	22,547,385

2018	2017
\$	\$

NOTE 11: DEFERRED TAX ASSETS

Deferred tax assets comprise:

Provisions	9,091	7,721
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Movements:

Opening balance	7,721	7,356
(Charge)/credit to income statement	1,370	365
Closing balance	9,091	7,721

NOTE 12: PAYABLE

2018	2017
\$	\$

Unsecured liabilities

Trade payables	254,912	64,728
Sundry payables and accrued expenses	97,463	90,963
	352,375	155,691

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	2018	2017
	\$	\$
NOTE 13: FINANCIAL LIABILITIES		
CURRENT		
Bank loan secured	19,271	37,450
	19,271	37,450

The most recent loan maturity happened in Oct 2016.

On maturity, the loan was refinanced by NAB for a further 3 years

NON-CURRENT		
Bank loan secured	599,094	868,548
	599,094	868,548

a. Total current and non-current	618,365	905,998
----------------------------------	---------	---------

b. The carrying amount of non-current assets pledged as security are:

First mortgage		
Freehold land and buildings	21,551,410	21,700,000
	21,551,410	21,700,000

c. The bank loan is secured by a registered first mortgage over the freehold properties of the company.

	2018	2017
	\$	\$
NOTE 14: CURRENT TAX LIABILITIES		
Income tax/(Prepaid income tax)	57,424	65,870
	57,424	65,870

	2018	2017
	\$	\$
NOTE 15: PROVISIONS		
CURRENT		
Employee entitlements	139,585	117,483
	139,585	117,483

Movements:

Opening balance	117,483	111,457
(Charge)/credit to income statement	22,102	6,026
Closing balance	139,585	117,483

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	2018	2017
	\$	\$
NOTE 16: RESERVES		
The asset revaluation reserve records the revaluation of non-current assets, specifically freehold land and buildings.	20,778,307	20,778,307

NOTE 17: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors' Refreshments and Christmas Dinner

All directors and their spouses, as well as guests by invitation, attend the club's Christmas dinner every year. The 2017/18 Christmas cost was \$1,705.

Commencing the 2012/13 year, the directors are also provided with complimentary drinks and food when they visit the club for board meetings. The 2017/18 food and beverage cost was \$4,744.

During the reporting year, directors also attended luncheon and charity events which cost \$4,464.

The club paid for external conference and travel costs for those travelling directors. Such costs totalled \$2,374

Mr R. Davison served as the club's President until his retirement at the last Annual General Meeting. Mr Davison had already moved to Gerrigong prior to his retirement. The club paid for his accommodation cost \$825 when he visited Sydney to attend to club affairs. The club also incurred costs on his farewell and gift. Those costs amounted to 527.

NOTE 18: CONTINGENT LIABILITIES

The company was not a party in any litigation at the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS
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	2018	2017
	\$	\$
NOTE 19: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit/(loss) from ordinary activities after income tax	217,687	319,868
Non-cash flows in profit from ordinary activities		
Depreciation	322,866	313,700
(Profit)/loss on disposal and write-off of property, plant and equipment	20,511	(173,762)
Changes in assets and liabilities		
(Increase)/Decrease in trade and other debtors	(15,099)	(31,646)
(Increase)/Decrease in inventories	(6,656)	6,336
(Increase)/Decrease in future tax benefit	(1,370)	(365)
Increase/(Decrease) in trade creditors and accruals	196,684	(12,779)
Increase/(Decrease) in employee provisions	22,102	6,026
Increase/(Decrease) in income taxes payable	(8,446)	48,798
Cash flows from operations	748,279	476,176

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 20: FINANCIAL RISK MANAGEMENT

a. Overview

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018	2017
		\$	\$
Financial assets			
Cash on Hand	7	466,982	245,810
Trade and other receivables	8	80,631	65,532
		547,613	311,342
Financial liabilities			
Financial liabilities at amortised cost:			
— Trade and other payables	12	352,375	155,692
— Borrowings	13	618,365	905,998
		970,740	1,061,690

b. Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2018.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

i. Interest rate risk

Interest rate risk is managed using a mixed and floating rate debt. The company minimises interest rate risk exposure by repaying borrowings when surplus cash is available.

ii. Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows.

iii. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There were no material amounts of collateral held as security at 30 June 2018.

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The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Credit risk is reviewed regularly by the directors. It arises from exposures to customers as well as through deposits with financial institutions.

iv. Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

v. Price risk

The company is not exposed to any material commodity price risk.

c. Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Total Contractual Cash Flow		Within Year		1 to 5 Years		Over 5 Years	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash on Hand	466,982	245,810	466,982	245,810				
Receivables	80,631	65,532	80,631	65,532				
Total Anticipated Inflows:	547,613	311,342	547,613	311,342				
Financial Liabilities								
Payables	352,375	155,692	352,375	155,692				
Hire Purchase Liabilities								
Bank Loan#	618,365	905,998	19,271	37,450	599,094	868,548		
Total Anticipated Outflows:	970,740	1,061,690	371,646	193,142	599,094	868,548		
Net Inflow/(Outflow)	(423,127)	(750,348)	175,967	118,200	(599,094)	(868,548)		

These outflows show the expected repayment of the bank loan on maturity before allowing for refinance proceeds.

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d. Net Fair Values

The net fair values of listed investments, if any, have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

e. Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates, commodity and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2018	\$	\$
+/- 2% in interest rates on borrowings	11,255	11,255
+/- 2% in interest bearing investments	395	395

	Profit	Equity
Year ended 30 June 2017	\$	\$
+/- 2% in interest rates on borrowings	15,953	15,953
+/- 2% in interest bearing investments	728	728

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NOTE 21: FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
<p>Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.</p>	<p>Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.</p>	<p>Measurements based on unobservable inputs for the asset or liability.</p>

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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- a. The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy

30 June 2018				
Note	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
– shares in listed companies				
Available-for-sale financial assets:				
– shares in listed companies				
Total financial assets recognised at fair value				
<i>Non-financial assets</i>				
Freehold land	10	17,200,000		17,200,000
Freehold buildings	10	4,351,410		4,351,410
Total non-financial assets recognised at fair value		21,551,410		21,551,410

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement as at the balance sheet date

The fair value measurement amounts of freehold land were in respect of the company's buildings in Coogee located in close proximity to the Sydney CBD, which are used for club members' and commercial rental purposes. The 2017 report by AON has adopted a methodology exploring 'Highest and Best Use' as prescribed under Accounting Standard AASB116 and AASB13 whereby AON have valued the area currently occupied by the club on an alternate use basis, i.e. commercial occupation, and all other areas in line with the current lease structures.

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

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30 June 2017				
Note	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss				
– shares in listed companies				
Available-for-sale financial assets:				
– shares in listed companies				
<hr/>				
Total financial assets recognised at fair value				
<hr/>				
<i>Non-financial assets</i>				
Freehold land	10	17,200,000		17,200,000
Freehold buildings	10	4,500,000		4,500,000
<hr/>				
Total non-financial assets recognised at fair value				
<hr/>				
		21,700,000		21,700,000

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2017: no transfers).

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b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2018	Valuation Technique(s)	Inputs Used
	\$		
<i>Non-financial assets</i>			
Freehold land ⁽ⁱ⁾	17,200,000	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
Freehold buildings ⁽ⁱ⁾	4,351,410	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	<u>21,551,410</u>		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- accounts receivable and other debtors;
- accounts payable and other payables; and

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i>				
Accounts receivable and other debtors	8, 20	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
<i>Liabilities</i>				
Accounts payable and other payables	12, 20	3	Income approach using discounted cash flow methodology	Market interest rates for similar liabilities

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

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NOTE 22: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The directors ensure that the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market.

These responses may include the consideration of debt levels.

Management's strategy to control the capital of the entity entails lowering the gearing ratio % over time. The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

	Note	2018	2017
		\$	\$
Total borrowings	13	618,365	905,998
Less Cash on Hand	7	466,982	245,810
Net debt		151,383	660,188
Total equity (reserves & retained earnings)		21,980,590	21,762,904
Total capital		22,131,973	22,423,092
Gearing ratio		1%	3%

NOTE 23: COMPANY DETAILS

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

Coogee Legion Ex-Service Club Limited
200 Arden Street COOGEE NSW 2034

NOTE 24: MEMBERS' GUARANTEE

The company is limited by guarantee. If the company is wound up, The company's constitution states that each member is required to contribute a maximum of \$2 each towards any outstanding obligations of the company. As at 30 June 2018, the number of members was 5,138 (2017 4,121).

COOGEE LEGION EX-SERVICE CLUB LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the accompanying financial statements being the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial statements, are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 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.

COOGEE, 27 August 2018

Director

J. Dubos

Director

T.M. Murphy

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOGEE LEGION EX-SERVICE CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Coogee Legion Ex-service Club Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Coogee Legion Ex-service 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 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the 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.

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOGEE LEGION EX-SERVICE CLUB LIMITED

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.

Gary Wong:

Wong & Fergusson:

Address: Suite 909, 99 Bathurst Street SYDNEY NSW 2000

Dated: 27 August 2018

**COMPILATION REPORT
TO COOGEE LEGION EX-SERVICE CLUB LIMITED**

We have compiled the accompanying special purpose financial statements of Coogee Legion Ex-Service Club Limited, which comprise the Profit and Loss Statement, Detailed Profit and Loss Statement and Schedule to Detailed Profit and Loss Statement for the year ended 30 June 2018. The specific purpose for which the special purpose financial statements have been prepared is to provide the club members more detailed formation of the financial performance of the club, the club being a not-for-profit entity.

The Responsibility of the Directors

The directors of Coogee Legion Ex-Service Club Limited are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the significant accounting policies used are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility.

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies as described in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the significant accounting policies described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements

WONG & FERGUSON
Chartered Accountants

G. Wong

Date: 27 August 2018

Address: Suite 909, 99 Bathurst Street SYDNEY NSW 2000

COOGEE LEGION EX-SERVICE CLUB LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
Operating profit/-loss before income tax	388,786	501,463
Income tax attributable to operating result	(171,099)	(181,595)
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Operating profit/-loss after income tax	217,687	319,868
Retained profits at the beginning of the financial year	984,597	664,729
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Retained profits at the end of the financial year	1,202,284	984,597
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These financial statements should be read in conjunction with the attached Compilation Report.

**COOGEE LEGION EX-SERVICE CLUB LIMITED
 DETAILED PROFIT AND LOSS STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
INCOME		
Gross Profit from Bar Trading	1,106,359	963,424
Net Income from Poker Machines	378,567	256,808
Net Income from Restaurant Trading	98,753	86,807
Membership Fees	46,220	41,120
Other Income	85,230	62,925
Interest Received	1,010	810
Commissions Received	99,918	78,121
GST Assistance Received	17,180	17,180
Profit on Sale of Plant & Equipment	0	180,659
	<u>1,833,237</u>	<u>1,687,854</u>

These financial statements should be read in conjunction with the attached Compilation Report.

COOGEE LEGION EX-SERVICE CLUB LIMITED
DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	\$	\$
EXPENSES		
Accountancy Fees – Stocktake	6,650	5,400
Advertising & Promotion	22,780	35,313
Auditor’s Fees – Audit & non-audit services	24,000	24,000
Bad Debt Written Off	3,403	0
Bank Charges	9,489	6,923
Club Membership Cards	9,025	0
Competition Prizes	49,672	43,550
Consumable Supplies	18,853	21,785
Depreciation	319,926	311,495
Donations	0	2,720
Bands, Artists and Entertainment	162,236	161,761
Garbage & Cleaning	43,881	45,777
General Expenses	36,631	26,287
GST Expense	52,411	38,287
Interest	38,458	53,499
Insurance	33,779	36,385
Lease of Air Space	22,844	22,101
Legal Costs	1,785	700
Light & Power	70,472	70,377
Loss on Sale of Plant & Equipment	20,511	6,987
Mortality Fund	0	200
Operational Review Costs	0	8,349
Postage	475	364
Printing & Stationery	24,786	24,140
Provision for Holiday Pay	7,095	-709
Provision for Long Service Leave	11,964	5,618
Provision for Personal/Carer Leave	3,042	1,118
Rates & Taxes	33,299	37,572
Registration & Subscriptions	22,966	16,230
Repairs & Maintenance	127,574	99,750
Security	8,714	12,621
Staff Meals & Amenities	1,508	349
Staff Training	4,651	5,797
Superannuation Contributions	83,611	73,018
Telephone & Technology	45,228	25,359
Uniforms	7,496	2,340
Valuation Fees	14,130	0
Wages	790,197	704,707
	2,133,542	1,930,170
CLUB OPERATING PROFIT/(LOSS)	(300,305)	(242,316)
Add: Net Rental Income	689,091	743,779
OPERATING PROFIT/(LOSS) before Income Tax	388,786	501,463

These financial statements should be read in conjunction with the attached Compilation Report.

COOGEE LEGION EX-SERVICE CLUB LIMITED
DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Bar Trading Account	\$	\$
BAR SALES	<u>1,738,683</u>	<u>1,516,148</u>
Opening Stock	37,595	43,931
Purchases	<u>638,980</u>	<u>546,388</u>
	676,575	590,319
Less Closing Stock	<u>44,251</u>	<u>37,595</u>
	<u>632,324</u>	<u>552,724</u>
GROSS PROFIT FROM TRADING	<u>1,106,359</u>	<u>963,424</u>
Gross Profit Margin	64%	64%
 Poker Machine Trading Account	 \$	 \$
GROSS INCOME after Jackpots & Refills	<u>378,567</u>	<u>256,808</u>
Poker Machine Duty	<u>0</u>	<u>0</u>
	<u>378,567</u>	<u>256,808</u>
 Restaurant Account	 \$	 \$
RESTAURANT SALES*	<u>98,753</u>	<u>86,807</u>
* The restaurant in the club is owned and operated by independent caterers. The business model entails the Club having an agreed share of the caterer's turnover		
 Property Account	 \$	 \$
GROSS RENT & OUTGOINGS RECEIVED	<u>870,137</u>	<u>859,696</u>
Insurance	22,412	16,322
Legal Fees	7,280	
Tenant Expenses	17,075	
Rates & Taxes	48,735	33,557
Rental Valuation		
Repairs & Maintenance	27,404	22,433
Wages	55,200	41,400
Depreciation	<u>2,940</u>	<u>2205</u>
	<u>181,046</u>	<u>115,917</u>
NET RENTAL INCOME	<u>689,091</u>	<u>743,779</u>

These financial statements should be read in conjunction with the attached Compilation Report.