

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

Financial Statements

For the Year Ended 30 June 2018

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

Contents

For the Year Ended 30 June 2018

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	25
Independent Auditor's Report	26

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

Directors' Report For the Year Ended 30 June 2018

The directors present their report on Quirindi R.S.L. Sub Branch Club for the financial year ended 30 June 2018.

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:

Douglas Hawkins	President
Qualifications	Retired
Experience	Previous Club Board experience
Luke Scanlon	Vice President
Qualifications	Real Estate Business Principal
Experience	Business owner
Paul Maher	Treasurer
Qualifications	Spare parts interpreter
Experience	Previous Club Board experience
Colin Stewart	Vice President
Qualifications	Chartered Accountant
Experience	Company Director
Earl Kelaher	
Qualifications	Company Director
Experience	Business Owner
Ian Kennett	Retired 24/09/2017
Qualifications	Retired
Experience	Previous Club Board experience
James (Jim) Banister	
Qualifications	Company Director
Experience	Business Owner / Previous board experience
Amanda Potter	
Qualifications	Secretary
Experience	Director 2 years
Tim Hoswell	Appointed 24/09/2017
Qualifications	Builder
Experience	Business Owner

Directors' Report For the Year Ended 30 June 2018

Information on directors

Information on directors

Adam Hitchen	Appointed 24/09/2017
Qualifications	Police Officer
Experience	Director

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

Principal activities

The principal activity of Quirindi R.S.L. Sub Branch Club during the financial year was the operation of a licensed Club.

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:

- continue the poker machine replacement program; and
- ensure the Club's facilities support the long term objectives.

Long term objectives

The Company's long term objectives are to:

- develop a more diverse income stream to enable the Club to continue to provide benefits to its members;
- ensure the board and management have the resources and capability to deliver goals and there is a common agreement on the benefits to the club of these objectives.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Ensure the Board and Management have the resources and capability to deliver these goals and there is common agreement on the benefits to the Club of these objectives.

Directors' Report

For the Year Ended 30 June 2018

How principal activities assisted in achieving the objectives

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

- providing the resources to enable the objectives to be realised.

Performance measures

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

- Member satisfaction
- Gross profit margins
- Profitability
- Staffing levels
- Inventory levels

Members' guarantee

Quirindi R.S.L. Sub Branch Club 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 \$ 20 for members, subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was \$ 27,860 (2017: \$ 24,480).

Company secretary

The following person held the position of Company secretary during and at the end of the financial year:

Terrie Clark (Club Secretary and Manager) has been the company secretary since 1st February, 2016.

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

**Directors' Report
For the Year Ended 30 June 2018**

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
Douglas Hawkins	12	12
James (Jim) Banister	9	6
Luke Scanlon	12	10
Paul Maher	12	12
Earl Kelaher	12	12
Colin Stewart	12	10
Amanda Potter	12	12
Adam Hitchen	9	7
Tim Hoswell	9	9
Ian Kennett	2	2

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 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: 

Director: 

Dated this 27 day of September 2018

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Quirindi R.S.L. Sub Branch Club

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.



Margaret van Aanholt, Director

PKF NENW Audit & Assurance Pty Limited

27 September 2018

22-24 Bourke Street, Tamworth NSW

PKF NENW Audit & Assurance Pty Limited

ABN 39 082 276 506

Registered Auditor 306435

Liability limited by a scheme approved
approved under Professional
Standards Legislation

Tamworth

22-24 Bourke Street, PO Box 1900

Tamworth NSW 2340

p +61 2 6766 4500 f +61 2 6766 4322

PKF NENW Audit & Assurance Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Web www.pkf-nenw.com.au

PKF Australia www.pkf.com.au

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018**

		2018	2017
	Note	\$	\$
Revenue	4	3,759,564	3,948,997
Other income	4	1,202	8,431
Cost of goods sold		(649,823)	(746,299)
Employee benefits expense	5	(1,322,602)	(1,401,763)
Depreciation and amortisation expense		(297,277)	(357,011)
Other expenses		(1,398,413)	(1,308,814)
Finance costs	5	(51,093)	(71,046)
Profit before income tax		41,557	72,495
Income tax expense	6	-	-
Profit for the year		41,557	72,495
Other comprehensive income, net of income tax		1,450	-
Total comprehensive income for the year		43,007	72,495

The accompanying notes form part of these financial statements.

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

Statement of Financial Position**As At 30 June 2018**

	2018	2017
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7 340,784	570,331
Trade and other receivables	8 9,359	4,650
Inventories	9 79,763	72,408
Other financial assets	10 124,856	122,785
Prepayments	11 28,054	39,237
TOTAL CURRENT ASSETS	582,816	809,411
NON-CURRENT ASSETS		
Trade and other receivables	8 5,000	5,000
Property, plant and equipment	12 5,180,506	5,409,338
Investment property	13 27,419	28,122
Intangible assets	14 33,500	33,500
TOTAL NON-CURRENT ASSETS	5,246,425	5,475,960
TOTAL ASSETS	5,829,241	6,285,371
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	15 212,697	200,195
Borrowings	16 83,500	-
Short-term provisions	18 30,542	41,832
Employee benefits	19 77,315	68,190
Other liabilities	17 -	19,168
TOTAL CURRENT LIABILITIES	404,054	329,385
NON-CURRENT LIABILITIES		
Borrowings	16 846,286	1,416,690
Employee benefits	19 2,159	5,562
TOTAL NON-CURRENT LIABILITIES	848,445	1,422,251
TOTAL LIABILITIES	1,252,499	1,751,636
NET ASSETS	4,576,742	4,533,735
EQUITY		
Investment revaluation reserve	7,037	5,587
Retained earnings	4,569,705	4,528,147
TOTAL EQUITY	4,576,742	4,533,735

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 30 June 2018**

2018

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2017	4,528,148	5,587	4,533,735
Profit attributable to members of the entity	41,557	-	41,557
Revaluation increment (decrement)	-	1,450	1,450
Balance at 30 June 2018	<u>4,569,705</u>	<u>7,037</u>	<u>4,576,742</u>

2017

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2016	4,455,654	-	4,455,654
Profit attributable to members of the entity	72,494	-	72,494
Revaluation increment (decrement)	-	5,587	5,587
Balance at 30 June 2017	<u>4,528,148</u>	<u>5,587</u>	<u>4,533,735</u>

Quirindi R.S.L. Sub Branch Club

ABN: 95 000 856 388

**Statement of Cash Flows
For the Year Ended 30 June 2018**

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	4,116,347	4,326,650
Payments to suppliers and employees	(3,760,514)	(3,952,691)
Interest and dividends received	12,741	17,853
Finance costs	(51,093)	(71,046)
Rent received	8,250	5,940
Net cash provided by/(used in) operating activities	24 <u>325,731</u>	<u>326,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant & equipment	-	7,320
Payment to acquire property, plant & equipment	(67,753)	(180,644)
Proceeds from long term deposits	(621)	318,983
Net cash used by investing activities	<u>(68,374)</u>	<u>145,659</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	<u>(486,904)</u>	<u>(333,310)</u>
Net cash used by financing activities	<u>(486,904)</u>	<u>(333,310)</u>
Net increase/(decrease) in cash and cash equivalents held	(229,547)	139,055
Cash and cash equivalents at beginning of year	<u>570,331</u>	<u>431,276</u>
Cash and cash equivalents at end of financial year	7 <u><u>340,784</u></u>	<u><u>570,331</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements For the Year Ended 30 June 2018

The financial report covers Quirindi R.S.L. Sub Branch Club as an individual entity. Quirindi R.S.L. Sub Branch Club is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Quirindi R.S.L. Sub Branch Club is Australian dollars and rounded to the nearest dollar.

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) 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.

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

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.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

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

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

Subscriptions

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

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

(b) Income Tax

Due to the principle of mutuality, the Club's liability for income tax relates only to net revenue from non-members and income from outside investments, less a proportion of expenditure attributable to both members and non-members.

(c) 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.

(d) Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out 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.

(f) 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.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a combination of reducing balance basis & prime cost over the assets useful life to the Company, commencing when the asset is ready for use.

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(f) Property, Plant and Equipment

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

Fixed asset class	Depreciation rate
Freehold Land & buildings - RSL (at cost)	2.5% prime cost
Improvements	5% - 20% D.V.
Poker Machines	18% - 40% D.V.
Plant & Equipment	10% - 30% D.V.

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.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) 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 the G100 discount rates specifically developed for the purpose of discounting employee benefits under AASB 119. Changes in the measurement of the liability are recognised in profit or loss.

(i) Fair value measurement

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

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

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(j) 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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.

3 Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

4 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
Bar and catering sales	1,170,101	1,304,917
Poker machine takings	1,681,918	1,740,898
Member subscriptions	63,163	68,471
Golf club fees and charges	74,806	63,907
	<u>2,989,987</u>	<u>3,178,193</u>
Finance income		
Interest revenue	12,472	17,639
Dividend income	270	214
	<u>12,742</u>	<u>17,853</u>
Other revenue		
Motel revenue	624,115	598,688
Rental revenue from investment property	7,500	5,400
Commissions	86,189	92,237
GST rebate	15,718	20,322
sundry income	23,313	36,303
	<u>756,835</u>	<u>752,950</u>
Total Revenue	<u>3,759,564</u>	<u>3,948,996</u>

	2018	2017
	\$	\$
Other Income		
Insurance recoveries	1,214	7,466
Gain (loss) on disposal of assets	(12)	965
	<u>1,202</u>	<u>8,431</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

5 Expenses

The following expenses are included in the operating result for the year:

	2018	2017
	\$	\$
Finance Costs		
- Interest on bank overdrafts and loans	51,093	71,046
Total finance costs	51,093	71,046

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
Employee benefits expense		
Wages and salaries	1,124,076	1,208,914
Superannuation contributions	107,686	117,889
Payroll tax	22,691	36,297
Workers Compensation	22,541	22,423
Leave entitlements	39,723	10,328
Other expenses	5,885	5,912
Total Employee benefits expense	1,322,602	1,401,763
Other expenses:		
Electricity and water	128,152	112,419
Poker Machine Duty Tax	233,354	250,570
Members Discounts, Amenities & Promotions	200,902	209,140
Repairs and maintenance	218,843	173,059
Depreciation expense	297,277	357,011
Insurance	51,215	49,552
Land rates	25,193	22,173
Advertising	35,735	26,644
Impairment of receivables:		
Bad debts	-	5,637

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

6 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2018	2017
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)	11,428	19,936
Add:		
Tax effect of:		
- non-deductible expenses	87,058	98,178
	98,486	118,114
Less:		
Tax effect of:		
- deduction for decline in value of depreciating assets	(81,558)	(98,175)
- non-taxable member income arising from principle of mutuality	(17,561)	(38,892)
Losses carried forward	633	18,953
Income tax expense	-	-

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

7 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	78,900	75,600
Cash at bank	261,884	494,731
	<u>340,784</u>	<u>570,331</u>

8 Trade and other receivables

	2018	2017
	\$	\$
CURRENT		
Other receivables	9,359	4,650
Total current trade and other receivables	<u>9,359</u>	<u>4,650</u>

	2018	2017
	\$	\$
NON-CURRENT		
Deposits	5,000	5,000
Total non-current trade and other receivables	<u>5,000</u>	<u>5,000</u>

9 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Stock on hand - bar	49,780	43,126
Non bar	29,983	29,282
	<u>79,763</u>	<u>72,408</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

10 Other financial assets

	2018	2017
	\$	\$
CURRENT		
Available for sale		
Shares in listed entities at fair value	7,037	5,587
Deposits at call		
Term deposits and online saver accounts	117,820	117,199
Total financial assets	<u>124,857</u>	<u>122,785</u>

11 Other non-financial assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	28,054	39,237
Total Prepayments	<u>28,054</u>	<u>39,237</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

12 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
At cost	5,424,717	5,424,717
Accumulated depreciation	(1,361,563)	(1,230,550)
Total land and buildings	<u>4,063,154</u>	<u>4,194,167</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>346,317</u>	346,317
Total capital works in progress	<u>346,317</u>	<u>346,317</u>
Plant and Equipment - RSL Club		
At cost	2,351,516	2,323,646
Accumulated depreciation	(1,770,477)	(1,659,767)
Total plant and equipment - RSL Club	<u>581,039</u>	<u>663,879</u>
Plant and Equipment - Golf Club		
At cost	154,652	150,137
Accumulated depreciation	(83,084)	(78,672)
Total Plant and Equipment - Golf Club	<u>71,568</u>	<u>71,465</u>
Plant and Equipment - Motel		
At cost	230,723	227,257
Accumulated depreciation	(112,295)	(93,747)
Total plant and equipment - Motel	<u>118,428</u>	<u>133,510</u>
Total plant and equipment	<u>1,117,352</u>	<u>1,215,171</u>
Total property, plant and equipment	<u><u>5,180,506</u></u>	<u><u>5,409,338</u></u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

12 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:

	Capital Works in Progress	Land & buildings	Plant & Equipment - RSL Club	Plant and Equipment - Golf Club	Plant and Equipment - Motel	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2018						
Balance at beginning of year	346,317	4,194,167	663,879	71,465	133,510	5,409,338
Additions	-	-	59,772	4,515	3,466	67,753
Disposals - WDV	-	-	(12)	-	-	(12)
Depreciation	-	(131,013)	(142,600)	(4,412)	(18,548)	(296,573)
Balance at the end of the year	346,317	4,063,154	581,039	71,568	118,428	5,180,506

Quirindi R.S.L. Sub Branch

The Directors have resolved that all land & Buildings owned by Quirindi R.S.L. Sub-Branch Club is classified as Core Property with the exception of 4 Abbott Street, Quirindi, which is classified as Non-Core Property for the purposes of Section 41J of the Registered Clubs Act.

Quirindi Golf Club

The buildings owned by Quirindi R.S.L. Sub Branch Club located at the Quirindi Golf Club are classified as Core Property.

13 Investment Property

	2018	2017
	\$	\$
House - Abbot Street Quirindi (at cost)	79,860	79,860
Depreciation	(52,441)	(51,738)
Balance at end of the period	27,419	28,122

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

14 Intangible Assets

	2018	2017
	\$	\$
Licenses		
Poker machine licences - at cost	33,500	33,500
Total Intangibles	33,500	33,500

15 Trade and other payables

	2018	2017
	\$	\$
Current		
Trade payables	95,122	64,368
GST payable	19,318	22,858
Sundry payables and accrued expenses	98,257	112,969
	212,697	200,195

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

16 Borrowings

	2018	2017
	\$	\$
CURRENT		
Secured liabilities:		
Bank loan - current committment	83,500	-
Total current borrowings	83,500	-

	2018	2017
	\$	\$
NON-CURRENT		
Secured liabilities:		
Bank loan - non current committment	846,286	1,416,690
Total non-current borrowings	846,286	1,416,690

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

16 Borrowings

16 Borrowings

(a) Defaults and breaches

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

(b) Mortgages, charges and securities

The Commonwealth Bank of Australia holds security as registered first mortgage over the club's land and buildings located at 88 Station Street & 132-134 Railway Street, Quirindi.

17 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Memberships received in advance	-	19,168
	<u>-</u>	<u>19,168</u>

18 Provisions

	2018	2017
	\$	\$
CURRENT		
Bonus reward liability	22,014	25,088
CDSE liability	-	13,317
Golf Hole In One Competition	8,528	3,427
	<u>30,542</u>	<u>41,832</u>

19 Employee Benefits

	2018	2017
	\$	\$
CURRENT		
Long service leave	22,572	13,363
Provision for annual leave	54,743	54,827
	<u>77,315</u>	<u>68,190</u>
NON-CURRENT		
Long service leave	<u>2,159</u>	5,562
	<u>2,159</u>	<u>5,562</u>

Notes to the Financial Statements For the Year Ended 30 June 2018

20 Commitments

	2018	2017
	\$	\$
Minimum rental payments under non-cancellable rental agreement:		
- not later than one year	3,368	2,868
- between one year and five years	7,258	8,126
	<u>10,626</u>	<u>10,994</u>

The company has a 60 month rental agreement with Fiji Xeron Finance for a photocopier and the minimum monthly payment is \$239.00. This rental agreement is due to cease in 2021. The company also has a lease for premises, expiring in 2020 with an option to renew to 2023 which the Company intends to take up.

21 Contingencies

Contingent Liabilities

A former employee of the Quirindi R.S.L. Sub Branch Club is pursuing legal action against the Club. The matter is currently pending at the date of this report, and due to the uncertainty of the outcome, the Directors are not able to quantify any potential liability that may arise as a result. The Club had no contingent liabilities as at 30 June 2017.

22 Key Management Personnel

The total remuneration paid to key management personnel of the Company during the year is \$ 169,312 (2017: \$ 272,982).

The above remuneration includes current and previous management personnel.

23 Related Parties

Transactions with related parties

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

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit for the year	41,557	72,494
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	297,277	357,011
- net (gain)/loss on disposal of property, plant and equipment	12	(965)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(4,709)	5,918
- (increase)/decrease in prepayments	11,183	(1,888)
- (increase)/decrease in inventories	(7,355)	(2,319)
- increase/(decrease) in trade and other payables	12,502	10,342
- increase/(decrease) in provisions	(30,458)	(29,306)
- increase/(decrease) in employee benefits	5,722	(84,581)
Cashflows from operations	<u>325,731</u>	<u>326,706</u>

25 Events Occurring After the Reporting Date

The financial report was authorised for issue on 27th September 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.

26 Company Details

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

Quirindi R.S.L. Sub Branch Club
86 - 88 Station Street
Quirindi NSW 2343

Quirindi R.S.L. Sub Branch Club

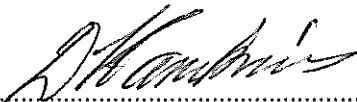
ABN: 95 000 856 388

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 24, 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 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.

Director 

Director 

Dated this 27 day of September 2018

Independent Auditor's Report to the members of Quirindi R.S.L. Sub Branch Club

Qualified Opinion

We have audited the financial report of Quirindi R.S.L. Sub Branch Club (the Company), which comprises the statement of financial position as at 30 June 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

As it is common for organisations of this type, it is not practicable for the Club to maintain an effective system of internal control over some revenue activities such as raffles and bingo income until their initial entry in the account records. Accordingly, our audit in relation to the above was limited to the amounts recorded. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PKF NENW Audit & Assurance Pty Limited
ABN 39 082 276 506
Registered Auditor 306435
Liability limited by a scheme approved
approved under Professional
Standards Legislation

Tamworth
22-24 Bourke Street, PO Box 1900
Tamworth NSW 2340
p +61 2 6768 4500 f +61 2 6766 4322

PKF NENW Audit & Assurance Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Web www.pkf-nenw.com.au

PKF Australia www.pkf.com.au

Independent Auditor's Report to the members of Quirindi R.S.L. Sub Branch Club

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 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 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Independent Auditor's Report to the members of Quirindi R.S.L. Sub Branch Club

We conclude on the appropriateness of management's 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF NENW Audit & Assurance Pty Ltd



Margaret van Aanholt

22-24 Bourke Street, Tamworth NSW

Dated this 27th day of September 2018