
Roseville Returned Servicemen's Memorial Club Limited
ABN 51 001 071 138

Annual Financial Report
31 December 2017

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Directors

The directors present their report together with the financial statements of Roseville Returned Servicemen's Memorial Club Limited (the company) for the year ended 31 December 2017.

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

Mr John Whitworth

President since 2003

Qualifications: Business Development Manager.

Experience: Life Member and Member of the board for 23 years. Member of the club for 26 years.

Mr Christopher R Walsh

Deputy President

Qualifications: Company Director

Experience: Current board member for 4 years. Member of the club for 20 years

Mr Michael J Conroy

Honorary Treasurer

Qualifications: Company Director

Experience: Life Member and Member of the board for 24 years.

Treasurer of the club for 22 years. Member of the club for 35 years.

Mr Ian P Graham

Qualifications: Marketing Director

Experience: Member of the board for 14 years. Member of the club for 45 years.

Mr Gregory R Johnson OAM

Qualifications: Company Director

Experience: Member of the board for 10 years. Member of the club for 19 years.

Mr Arthur C Willis

Qualifications: Consultant

Experience: Current board member for 4 years. Member of the club for 38 years.

Mr Timothy M Watts

Qualifications: Company Director

Experience: Current board member for 4 years. Member of the club for 13 years.

Ms Catherine G Hancock

Resigned: 30th May 2017

Qualifications: Director of Nursing

Experience: Current board member for 2 years. Member of the club for 10 years.

Mr Mark Nyman

Appointed: 30th May 2017

Qualifications: Company Director

Experience: Current board member for 1 year. Member of the club for 5 years.

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2017, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held *
Mr J Whitworth	12	12
Mr C Walsh	10	12
Mr M Conroy	12	12
Mr I Graham	11	12
Mr G Johnson OAM	9	12
Mr T Watts	11	12
Mr A Willis	9	12
Ms C Hancock	2	5
Mr M Nyman	5	7

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2017 and the comparison with last year is as follows:

	2017	2016
Ordinary	1,097	1,168
Life	5	5
Country	2	2
	<hr/>	<hr/>
	1,104	1,175
	<hr/> <hr/>	<hr/> <hr/>

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

Operating result

	2017 \$	2016 \$
Operating loss	(350,785)	(562,376)
Add: Depreciation & amortisation	167,095	179,464
Add: Club redevelopment expense	243,305	384,424
Add: Loss on disposal of fixed assets	14	16,031
	<hr/>	<hr/>
Net profit/(loss) before depreciation and club redevelopment expense	59,629	17,543
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Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Objectives

Our mission at the Roseville Memorial Club is to conduct business in a responsible and financially prudent manner with the primary aims of enhancing membership benefits and contributing to the local community. We acknowledge and emphasise the important role the club plays in honouring present and returned servicemen and servicewomen, whilst continuing to be relevant and forwarding looking for future generations.

Strategy for achieving the objectives

To achieve our mission at Roseville Memorial Club our immediate focus is to maintain a well-managed, prosperous operation which offers high quality amenities and services provided by dedicated staff who have been entrusted to care for our valued members and their guests. At the same time, we understand that to ensure success over the long term, we must be flexible and adapt to the changing club and economic environments plus the demographic characteristics of the membership. To that end we seek to introduce new promotions and activities for members. To continually review and upgrade facilities of the club is important and the plans under way for development of the Club site, providing a new, fully fitted out club on the ground floor, is a reflection of that objective.

Principal activity

The principal activity of the company during the year has continued to be that of a licensed social club.

How this activity assists in achieving the objectives

The Board of Directors works within a Strategic Plan which was formulated late 2009. That plan sets specific aims and guidelines for the various Board sub committees - notably finance, membership, marketing, compliance, capital works and sponsorship.

Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance; these include the use of bar gross profit percentage and wages to sales percentages compared to industry averages.

The Club also uses the EBITDA percentage to measure its financial performance so as to ensure that the Club's assets are being used to their optimum level of return.

Key Performance Indicators

	2017	2016
Bar		
Gross profit percentage	80.53%	76.70%
Wages to sales percentage	34.31%	34.51%
EBITDDA percentage (Earnings before Interest, Tax, Development costs and Depreciation and Amortisation)	6.26%	0.17%

Roseville Returned Servicemen's Memorial Club Limited

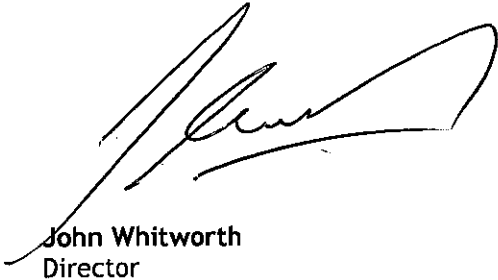
Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 10th day of April 2018



John Whitworth
Director

**DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF ROSEVILLE
RETURNED SERVICEMEN'S MEMORIAL CLUB**

As lead auditor of Roseville Returned Servicemen's Memorial Club for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 10 April 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Roseville Returned Servicemen's Memorial Club

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Roseville Returned Servicemen's Memorial Club (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in member's funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Roseville Returned Servicemen's Memorial Club, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 15(h) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

A small, stylized version of the BDO logo, consisting of the letters 'BDO' in a cursive script.

A handwritten signature in black ink, which appears to read 'Paul Cheeseman'.

Paul Cheeseman
Partner

Sydney, 10 April 2018

Roseville Returned Servicemen's Memorial Club Limited

Directors' Declaration

The directors of Roseville Returned Servicemen's Memorial Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 27, are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 10 day of April 2018

A handwritten signature in black ink, appearing to read 'John Whitworth', with a long horizontal flourish underneath.

John Whitworth
Director

Roseville Returned Servicemen's Memorial Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Sale of goods		431,328	441,307
Rendering of services		479,967	396,111
Other revenue		58,632	79,941
		<hr/>	<hr/>
Total revenue	1	969,927	917,359
		<hr/>	<hr/>
Expenses			
Bar purchases		(168,598)	(183,621)
Employee benefits expense		(328,417)	(316,698)
Entertainment, marketing and promotional costs		(75,979)	(76,564)
Professional fees		(25,464)	(25,900)
Property expenses		(222,464)	(204,850)
Membership expenses		(1,900)	(3,677)
Depreciation and amortisation	2	(167,095)	(179,464)
Other expenses		(87,176)	(88,506)
Club redevelopment expenses	2	(243,605)	(384,424)
Loss on disposal of fixed assets		(14)	(16,031)
		<hr/>	<hr/>
Total Expenses		1,320,712	1,479,735
		<hr/>	<hr/>
Loss before income tax		(350,785)	(562,376)
Income tax expense	3(a)	-	-
		<hr/>	<hr/>
Net loss after income tax attributable to members		(350,785)	(562,376)
		<hr/>	<hr/>
Other comprehensive income (items which will not be reclassified to profit/loss in the future)			
Change in fair value of property		-	-
		<hr/>	<hr/>
Total comprehensive income for the year net of tax attributable to members		(350,785)	(562,376)
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Financial Position
As at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		338,530	325,304
Other financial assets		1,050,250	250
Inventories		16,636	18,597
Prepayments		104	168,592
Loan receivable		-	6,000
GST receivable		-	14,070
Total Current Assets		1,405,520	532,813
Non-Current Assets			
Property, plant and equipment	5	7,838,834	8,005,944
Intangible assets	6	24,000	24,000
Total Non-Current Assets		7,862,834	8,029,944
Total Assets		9,253,354	8,562,757
LIABILITIES			
Current Liabilities			
Trade and other payables	7	59,543	65,609
Financial liabilities	8	24,816	2,260,496
Employee benefits	9	110,715	92,819
Income paid in advance		22,798	22,798
GST payable		4,943	-
Deferred development income	15(f)	3,300,105	-
Total Current Liabilities		3,522,920	2,441,722
Non-Current Liabilities			
Financial liabilities	8	4,136	28,952
Total Non-Current Liabilities		4,136	28,952
Total Liabilities		3,527,056	2,470,674
Net Assets		5,741,298	6,092,083
Members' Funds			
Accumulated Losses		(434,750)	(83,965)
Asset revaluation reserve		6,176,048	6,176,048
Total Members' Funds		5,741,298	6,092,083

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Changes in Member's Funds
For the Year Ended 31 December 2017

	Asset Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2016	6,176,048	478,411	6,654,459
Net loss for the year after income tax	-	(562,376)	(562,376)
Other comprehensive income for the year net of tax	-	-	-
	-----	-----	-----
Total comprehensive income for the year	-	(562,376)	(562,376)
	-----	-----	-----
Balance at 31 December 2016	6,176,048	(83,965)	6,092,083
	-----	-----	-----
Net loss for the year after income tax	-	(350,785)	(350,785)
Other comprehensive income for the year net of tax	-	-	-
	-----	-----	-----
Total comprehensive income for the year	-	(350,785)	(350,785)
	-----	-----	-----
Balance at 31 December 2017	6,176,048	(434,750)	5,741,298
	=====	=====	=====

The Statement of Changes in Member's Funds should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2017

	2017 \$	2016 \$
Cash Flows From Operating Activities		
Receipts from customers and members	1,045,974	931,072
Payments to suppliers and employees	(1,024,689)	(1,070,540)
Interest received	2,331	6,720
Income taxes paid	-	(57,808)
	<hr/>	<hr/>
Net cash inflow/ (outflow) from operating activities	23,617	(190,556)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payment for property, plant and equipment	-	(7,370)
Payment for Term Deposit	(1,050,000)	-
	<hr/>	<hr/>
Net cash outflow from investing activities	(1,050,000)	(7,370)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Repayment of borrowings (Bankwest)	(2,215,000)	-
Proceeds from developer	3,300,105	-
Finance lease payments	(45,496)	(57,528)
	<hr/>	<hr/>
Net cash inflow/ (outflow) from financing activities	1,039,609	(57,528)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	13,226	(255,454)
Cash and cash equivalents at the beginning of the financial year	325,304	580,758
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	338,530	325,304
	<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2017

About this report

Roseville Returned Servicemen's Memorial Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Roseville Returned Servicemen's Memorial Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 10 April 2018.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 January 2017; and
- Have been prepared on an ongoing concern basis.

The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 15(e)
Estimation of useful lives of assets	Note 5
Long service leave liability	Note 9

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

	2017 \$	2016 \$
1 Revenue		
Sale of Goods Revenue		
Bar sales	431,328	441,307
	<hr/>	<hr/>
	431,328	441,307
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	434,777	346,760
Members' subscriptions	19,593	20,922
Keno sales	2,540	1,945
ATM commission received	-	3,655
Sundry income	23,057	22,829
	<hr/>	<hr/>
	479,967	396,111
	<hr/>	<hr/>
Other Revenues		
Bistro rent	43,475	59,471
Interest received	2,331	6,720
GST Refunds	-	13,750
Other Income	12,826	-
	<hr/>	<hr/>
Total other revenue	58,632	79,941
	<hr/>	<hr/>
Total revenue	969,927	917,359
	<hr/> <hr/>	<hr/> <hr/>

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of beverages and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

	2017 \$	2016 \$
2 Expenses		
Loss before income tax includes the following specific items:		
Depreciation		
Buildings and improvements	93,250	93,505
Plant and equipment	11,069	13,908
Poker machines	57,309	64,855
Amortisation		
Leased plant and equipment	5,468	7,196
	<hr/>	<hr/>
Total depreciation and amortisation	167,096	179,464
	<hr/>	<hr/>
Defined contribution superannuation expense	23,534	22,159
	<hr/>	<hr/>
Club re-development expense		
Legal expenses	22,805	100,856
Interest expense	112,465	186,060
Project management fees	76,369	96,000
Other re-development expenses	31,966	1,508
	<hr/>	<hr/>
Total club re-development expenses	243,605	384,424
	<hr/>	<hr/>

The development rights of the Clubs' property were sold to an external developer when the Development Management Agreement was signed on 30 March 2017. The club redevelopment expense represents legal costs and establishment fees incurred in relation to the proposed redevelopment of the Club.

Recognition and Measurement

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets.

Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

3 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2017 \$	2016 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	(165,586)	(305,474)
Other taxable income	63,361	88,971
	<hr/>	<hr/>
Other deductible expenses	(102,225)	(216,503)
Tax loss not recognised	(116,511)	(113,787)
	218,736	330,290
	<hr/>	<hr/>
Net income subject to tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

(b) Deferred Tax Assets Not Taken to Account

Deferred tax assets attributable to tax losses carried forward and timing differences have not been recognised as an asset because recovery is not probable.

Tax losses carried forward	250,755	148,942
Loss for the year	61,316	99,087
Timing differences	22,125	17,007
	<hr/>	<hr/>
Net deferred tax assets	334,196	265,036
	<hr/> <hr/>	<hr/> <hr/>

These benefits will only be obtained if:

- i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) the company continues to comply with the conditions for deductibility imposed by law; and
- iii) no changes in tax legislation adversely affect the company in realising the benefit.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

3 Income Tax (continued)

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

4 Cash Flow Information

Non-Cash Investment Activities

During the financial year the company acquired property, plant and equipment with an aggregate fair value of \$nil (2016: \$74,448) by means of finance leases. These acquisitions are not reflected in the Statement of Cash Flows.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

	2017 \$	2016 \$
5 Property, Plant and Equipment		
Land and buildings		
<i>At valuation</i>	8,000,000	8,000,000
<i>Accumulated depreciation</i>	(299,108)	(205,858)
	<hr/> 7,700,892	<hr/> 7,794,142
Plant & equipment		
<i>At cost</i>	521,998	529,873
<i>Accumulated depreciation</i>	(464,636)	(461,428)
	<hr/> 57,362	<hr/> 68,445
Poker machines		
<i>At capitalised cost</i>	127,483	127,483
<i>Accumulated depreciation</i>	(76,026)	(18,717)
	<hr/> 51,457	<hr/> 108,766
Leased assets		
<i>At capitalised cost</i>	150,952	150,952
<i>Accumulated amortisation</i>	(121,829)	(116,361)
	<hr/> 29,123	<hr/> 34,591
Total property, plant and equipment net book value	<hr/> <hr/> 7,838,834	<hr/> <hr/> 8,005,944

Refer to Note 8 for details of security over property, plant and equipment.

Valuation of Land and Buildings

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were revalued in August 2014, which resulted in a value of \$8,000,000. The valuation was based on independent assessments by a member of the Australian Property Institute. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

5 Property, Plant and Equipment (continued)

	2017 \$	2016 \$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land and Buildings		
Carrying amount at beginning of year	7,794,142	7,887,647
Depreciation expense	(93,250)	(93,505)
	<hr/>	<hr/>
Carrying amount at end of year	7,700,892	7,794,142
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	68,445	81,702
Additions	-	2,370
Depreciation Expense	(11,069)	(13,908)
Disposals	(14)	(1,719)
	<hr/>	<hr/>
Carrying amount at end of year	57,362	68,445
	<hr/> <hr/>	<hr/> <hr/>
Poker Machines		
Carrying amount at beginning of year	108,766	108,202
Additions	-	79,448
Depreciation expense	(57,309)	(64,855)
Disposals	-	(14,029)
	<hr/>	<hr/>
Carrying amount at end of year	51,457	108,766
	<hr/> <hr/>	<hr/> <hr/>
Leased assets		
Carrying amount at beginning of year	34,591	42,070
Depreciation expense	(5,468)	(7,196)
Disposal	-	(283)
	<hr/>	<hr/>
Carrying amount at end of year	29,123	34,591
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

5 Property, Plant and Equipment (continued)

The following are non-core properties:

64 - 66 Pacific Highway, Roseville NSW 2069.

There are no core properties.

Recognition and Measurement

All property, plant and equipment, except land and buildings, is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Poker machines	2.5 - 5 years
Plant and equipment	4 - 20 years
Leased plant and equipment	Term of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

5 Property, Plant and Equipment (continued)

Critical Accounting Judgements, Estimates and Assumptions

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.

6 Intangible Assets

	2017 \$	2016 \$
Poker machine entitlement		
<i>At cost</i>	60,959	60,959
<i>Accumulated impairment loss</i>	(36,959)	(36,959)
	24,000	24,000
	24,000	24,000

Recognition and Measurement

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Critical Accounting Judgements, Estimates and Assumptions

Intangible Assets

Impairment of poker machine entitlements is recognised where the recoverable amount is lower than the carrying amount of the intangible. The recoverable amount is based on the fair value of the entitlement measured using current market values.

7 Trade and Other Payables

	2017 \$	2016 \$
Trade creditors	12,237	24,427
Other creditors and accruals	47,306	41,182
	59,543	65,609
	59,543	65,609

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

7 Trade and Other Payables (continued)

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

8 Financial Liabilities

	2017 \$	2016 \$
Current Secured		
Finance lease liabilities	24,816	45,496
Loan - GP Mortgage Corporation	-	2,215,000
	<hr/> 24,816	<hr/> 2,260,496
Non-Current Secured		
Finance lease liabilities	4,136	28,952
	<hr/> 4,136	<hr/> 28,952
Financing Arrangements		
The company has access to the following lines of credit:		
Total facilities available:		
Loan GP Mortgage Corporation	-	2,215,000
	<hr/> -	<hr/> 2,215,000
Facilities utilised at reporting date:		
Loan GP Mortgage Corporation	-	2,215,000
	<hr/> -	<hr/> 2,215,000

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

8 Financial Liabilities (continued)

Financing Arrangements (continued)

Security

The facility agreement with GP Mortgage Corporation was secured by first ranking mortgage over the Club property located at 64 Pacific Highway, Roseville NSW 2069 and a general security agreement over all present and after acquired property of Roseville Returned Servicemen's Memorial Club Limited. The facility was repaid throughout the year with the final balance repaid on 12 December 2017, there are no amounts owing to this facility at the year-end.

Recognition and Measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Leases under which the company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

	2017 \$	2016 \$
9 Employee Benefits		
Current		
Annual leave provision	82,629	70,212
Long service leave provision	28,086	22,607
	<hr/>	<hr/>
Aggregate liability for employee benefits including on-costs	110,715	92,819
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2017

9 Employee Benefits (continued)

Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

Recognition and Measurement

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to a defined contribution superannuation plan. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Critical Accounting Judgements, Estimates and Assumptions

Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to 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.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

10 Commitments

	2017 \$	2016 \$
Finance Lease Commitments		
Finance lease rentals commitments are payable:		
Within one year	24,816	45,496
One year or later and no later than five years	4,136	28,952
	<hr/> 28,952	<hr/> 74,448
	<hr/> <hr/>	<hr/> <hr/>

The company leases poker machines and plant and equipment under finance leases expiring from one to three years. At the end of the lease term the company has the option to purchase the equipment at a price deemed to be a bargain purchase option. The lease facility is secured against the assets purchased under this facility. The club has no other commitments for expenditure as at 31 December 2017.

11 Key Management Personnel Details

	2017 \$	2016 \$
Benefits and payments made to the Directors and Other Key Management Personnel	-	-
	<hr/>	<hr/>

12 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

During the year, the Company employed a relation of John Whitworth, a director of the club. The employment was on a casual basis and total expenditure by the company was \$1,600 (2016: \$2,000). All transactions were undertaken on an arm's length basis.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2017

13 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2017 there were 1,104 members.

The registered office of the company is 64 Pacific Highway, Roseville NSW 2069.

14 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affect 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.

15 Summary of Other Significant Accounting Policies

(a) Goods and Services Tax

Revenues, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Financial Assets

Financial assets represent investments in unlisted entities and are measured at cost.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

15 Summary of Other Significant Accounting Policies (continued)

(e) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(f) Deferred development Income

Deferred development income represents cash received from the potential developers of the club and additional dwellings above the club for the right to perform this development. This balance is repayable if the development proposal is rejected by the council, therefore this will be recognised as income when the development proposal is accepted.

(g) 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 that 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 within the next financial year have been disclosed in the relevant notes.

(h) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date of these financial statements were approved.

For the year ended 31 December 2017 the company incurred a net loss of \$350,785 (2016: \$562,376) and as at that date the company's current liabilities exceeded its current assets by \$2,117,400. The risk to the company's ability to continue as a going concern relates to the potential repayment of the cash received from the potential developers of the club; the Development Management Agreement, signed on 30 March 2017, states that this receivable is to be repaid in full within 4 months if the development proposal for the club is denied. At the time of the 2017 financial statements being signed, planning permission had still not been obtained for the development and thus there is a potential that this cash could be repayable.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.