

# **Wangi Wangi RSL Sub-Branch Club Limited**

**ABN 20 001 020 784**

**Annual Report - 31 December 2018**

**Wangi Wangi RSL Sub-Branch Club Limited**  
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**31 December 2018**

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**Wangi Wangi RSL Sub-Branch Club Limited**  
**Directors' report**  
**31 December 2018**

The directors present their report, together with the financial statements, on the Company for the year ended 31 December 2018.

**Directors**

The following persons were directors of the Wangi Wangi RSL Sub-Branch Club Limited ("the Club") during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Cizzio  
John Wethered (resigned 11/12/2018)  
Ross Ahrens (resigned 24/06/2018)  
George Dann (resigned 11/12/2018)  
Les McAllister  
Sally Mishell (resigned 20/04/2018)  
Douglas Messenger (resigned 20/04/2018)  
Leigh Warren (appointed 20/04/2018)  
David Ingleton (appointed 6/09/2018)  
Julie Broadby (appointed 11/12/2018)  
Wayne Izzard (appointed 29/01/2018, resigned 18/10/2018)  
Karen Woldhuis (appointed 11/12/2018)  
Rebecca Folland (appointed 15/01/2019)  
Rob Clarkson (appointed 29/01/2018)

**Objectives**

Our objectives as Wangi RSL are to operate a sustainable not-for-profit Company; serving the community as a Club where the location, services and atmosphere make it a favourite place to spend time with friends and family.

*The Club with a View ...*

**Strategic Objectives**

- Prepare a visionary plan for the club and its role within the Wangi community;
- Update the Constitution and confirm the objectives of the Club;
- Equip the club with state-of-the-art technology to maximise operating efficiency;
- Ensure the club's long term viability by returning an annual EBITDA of 15% or better;
- Improve marketing and communication with members and prospective patrons;
- Update the building and facilities to appeal to a broader base of the community;
- Continue to offer excellent value as a venue to relax, enjoy a meal, entertainment or other activities; and
- Encourage the affiliated and sub-clubs to use the Wangi RSL club facilities as the prime venue for activities.

**Financial Objectives**

- Increase operating income from \$ 1.64 million in 2016 to \$ 1.79 million in 2017 and continue on a rising trajectory;
- Maintain gross bar margins at current levels of at least fifty seven point five percent (57.5%);
- Having achieved a net profit of \$50,000 in 2016, 3% of operating income, our objective is to achieve a 5% net profit by the end of the planning period;
- Improve financial monitoring (KPI's) to include at least a P&L against budget on a monthly basis with emphasis on holding expenditure to budgeted levels based on CPI or less; and
- Commence repaying the principal on the Southlakes loan by the end of the planning period.

**Principal activities**

During the financial year, the principal continuing activities of the Club consisted of the conduct of a Licensed Club.

**Changes in the state of affairs**

The Club changed from contract caterers to inhouse operations in January 2018.

No other significant changes in the nature of the Club's activities occurred during the financial year.

**Operating results**

The loss of the Club after providing for income tax amounted to \$20,855 (2017: loss \$51,067).

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Directors' report**  
**31 December 2018**

**Environmental issues**

The Directors believe the Club has complied with all significant environmental regulations under a law of Commonwealth or of a state or territory.

**Future developments**

The Board to continue to work with Lake Macquarie Council to facilitate the construction and completion of the Wangi jetty by October 2019;

Remodel the kitchen;

Upgrade of the restaurant;

Develop the new Wild Oates area for outdoor functions;

Update outdoor furniture;

Modifications to bar; and

Upgrades to auditorium to accommodate future functions including Tribute shows wedding, birthdays, and presentations.

**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 Club, the results of those operations, or the state of affairs of the Club in future financial years.

**Information on directors**

Name: John Cizzio  
Title: Director  
Qualifications: Landscaper  
Experience and expertise: 4 years

Name: John Wethered (resigned 11 December 2018)  
Title: Director  
Qualifications: Manager  
Experience and expertise: Appointed March 2017

Name: Ross Ahrens (resigned 24 June 2018)  
Title: Treasurer  
Qualifications: Retired  
Experience and expertise: 2 years

Name: George Dann (resigned 11 December 2018)  
Title: Director  
Qualifications: Volunteer  
Experience and expertise: 5 years

Name: Les McAllister  
Title: President  
Qualifications: Retired  
Experience and expertise: 2 years

Name: Sally Mishell (resigned 20 April 2018)  
Title: Director  
Qualifications: Retired  
Experience and expertise: 3 years

Name: Douglas Messenger (resigned 20 April 2018)  
Title: Director  
Qualifications: Company Director  
Experience and expertise: 2 years

Name: Wayne Izzard (appointed 29 January 2018, resigned 18 October 2018)  
Title: Director  
Qualifications: Operations manager  
Experience and expertise: Appointed January 2018

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Directors' report**  
**31 December 2018**

Name: Rob Clarkson (appointed 29 January 2018)  
Title: Director  
Qualifications: Mine deputy  
Experience and expertise: 1 year

Name: Leigh Warren (appointed 20 April 2018)  
Title: Director  
Qualifications: Retired  
Experience and expertise: 1 year

Name: David Ingleton (appointed 6 September 2018)  
Title: Director  
Qualifications: Retired  
Experience and expertise: 6 months

Name: Julie Broadby (appointed 11 December 2018)  
Title: Director  
Qualifications: Retired  
Experience and expertise: 4 months

Name: Karen Woldhuis (appointed 11 December 2018)  
Title: Director  
Qualifications: Marriage Celebrant  
Experience and expertise: 4 months

Name: Rebecca Folland  
Title: Director  
Qualifications: Employment Consultant  
Experience and expertise: 3 months

**Company secretary**

The following person held the position of Club secretary at the end of the financial year:

Rob Clarkson

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2018, and the number of meetings attended by each director were:

	Attended	Held
John Cizzio	6	11
John Wethered (resigned December 2018)	5	11
Ross Ahrens (resigned June 2018)	2	5
George Dann (resigned December 2018)	6	11
Les McAllister	7	11
Sally Mishell (resigned April 2018)	-	4
Douglas Messenger (resigned April 2018)	-	4
Wayne Izzard (appointed January 2018, resigned October 2018)	4	6
Leigh Warren (appointed April 2018)	4	7
David Ingleton (appointed September 2018)	3	3
Julie Broadby (appointed December 2018)	1	1
Karen Woldhuis (appointed December 2018)	1	1
Rob Clarkson (appointed January 2018)	7	11
Rebecca Folland (appointed January 2019)	1	1

Held: represents the number of meetings held during the time the director held office.

There were 11 meetings of directors held during the year ended 31 December 2018.

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Directors' report**  
**31 December 2018**

**Contributions on winding up**

In the event of the Club being wound up, ordinary members are required to contribute a maximum of \$6 each. Honorary members are not required to contribute.

The total amount that members of the Club are liable to contribute if the Club is wound up is \$16,134, based on 2,689 current ordinary members (2017: \$16,188).

**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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

  
\_\_\_\_\_  
Les McAllister  
Director

7 March 2019

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### INDEPENDENT AUDITOR'S DECLARATION TO THE MEMBERS OF WANGI WANGI RSL SUB BRANCH CLUB LIMITED

We hereby declare that to the best of our knowledge and belief during the year ended 31 December 2018, there have been:

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

**Name of Firm**

Bishop Collins Audit Pty Ltd  
Chartered Accountants

**Name of Registered Company Auditor**

Martin Le Marchant

**Auditor's Registration No.**

431227

**Address**

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

**Dated**

7 March 2019



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANGI WANGI RSL SUB BRANCH CLUB LIMITED**

#### **Audit Opinion**

We have audited the accompanying financial report of Wangi Wangi RSL Sub-Branch Club Limited ("the Company") which comprises the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Company.

In our opinion the accompanying financial report of Wangi Wangi RSL Sub-Branch Club Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) 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 Statements* 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; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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



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### **Directors' Responsibilities for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.




We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Name of Firm**

Bishop Collins Audit Pty Ltd  
Chartered Accountants

**Name of Registered Company Auditor**

  
\_\_\_\_\_  
Martin Le Marchant

**Auditor's Registration No.**

431227

**Address**

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

**Dated**

7 March 2019

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Revenue</b>	4	2,276,265	1,724,505
Other income	5	83	816
<b>Expenses</b>			
Cost of goods sold		(587,455)	(360,006)
Accounting and audit fees		(20,044)	(17,400)
Advertising and marketing expenses		(8,576)	(8,129)
Employee benefits expense		(776,590)	(473,612)
Equipment lease expenses		(13,489)	(5,969)
Depreciation and amortisation expense		(149,448)	(108,821)
Entertainment and promotions expenses		(121,713)	(147,741)
Legal fees		-	(3,876)
Gaming expenses		(27,340)	(32,458)
Insurance expenses		(43,267)	(39,965)
Loss on disposal of assets		(653)	(35,942)
Occupancy expenses		(226,289)	(234,278)
Printing, postage and stationery expenses		(12,473)	(17,054)
Repairs and maintenance expenses		(70,862)	(60,278)
Raffle and bingo expenses		(144,673)	(139,214)
Telephone, internet and computer expenses		(20,080)	(25,104)
Other expenses		(45,566)	(40,966)
Finance costs		(28,685)	(25,575)
<b>Deficit before income tax expense</b>		(20,855)	(51,067)
Income tax expense		-	-
<b>Deficit after income tax expense</b>	15	(20,855)	(51,067)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income</b>		<u>(20,855)</u>	<u>(51,067)</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Statement of financial position**  
**As at 31 December 2018**

	<b>Note</b>	<b>2018</b> \$	<b>2017</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	271,769	251,943
Trade and other receivables	7	16,838	3,295
Inventories	8	43,922	24,373
Other	9	25,954	25,886
Total current assets		<u>358,483</u>	<u>305,497</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>609,972</u>	<u>597,414</u>
Total non-current assets		<u>609,972</u>	<u>597,414</u>
<b>Total assets</b>		<u>968,455</u>	<u>902,911</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	197,864	135,470
Borrowings	12	101,148	120,377
Employee benefits	13	16,408	-
Total current liabilities		<u>315,420</u>	<u>255,847</u>
<b>Non-current liabilities</b>			
Borrowings	14	<u>455,218</u>	<u>428,392</u>
Total non-current liabilities		<u>455,218</u>	<u>428,392</u>
<b>Total liabilities</b>		<u>770,638</u>	<u>684,239</u>
<b>Net assets</b>		<u>197,817</u>	<u>218,672</u>
<b>Equity</b>			
Retained surpluses	15	<u>197,817</u>	<u>218,672</u>
<b>Total equity</b>		<u>197,817</u>	<u>218,672</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2018**

	<b>Retained surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2017	269,739	269,739
Deficit after income tax expense for the year	(51,067)	(51,067)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(51,067)	(51,067)
Balance at 31 December 2017	<u>218,672</u>	<u>218,672</u>
	<b>Retained surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2018	218,672	218,672
Deficit after income tax expense for the year	(20,855)	(20,855)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(20,855)	(20,855)
Balance at 31 December 2018	<u>197,817</u>	<u>197,817</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,493,398	1,889,892
Payments to suppliers and employees (inclusive of GST)		<u>(2,289,907)</u>	<u>(1,840,362)</u>
		203,491	49,530
Interest received		83	816
Interest and other finance costs paid		<u>(28,685)</u>	<u>(25,575)</u>
Net cash from operating activities		<u>174,889</u>	<u>24,771</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	<u>(162,660)</u>	<u>(151,453)</u>
Net cash used in investing activities		<u>(162,660)</u>	<u>(151,453)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		151,882	271,672
Repayment of borrowings		<u>(144,285)</u>	<u>(128,900)</u>
Net cash from financing activities		<u>7,597</u>	<u>142,772</u>
Net increase in cash and cash equivalents		19,826	16,090
Cash and cash equivalents at the beginning of the financial year		<u>251,943</u>	<u>235,853</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>271,769</u></u>	<u><u>251,943</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 1. General information**

The financial statements cover Wangi Wangi RSL Sub-Branch Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Wangi Wangi RSL Sub-Branch Club Limited's functional and presentation currency.

Wangi Wangi RSL Sub-Branch Club Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 March 2019. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

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

*AASB 9 Financial Instruments*

The Club has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

The adoption of this Accounting Standard and Interpretation did not have any significant impact on the financial performance or position of the Club.

The Directors consider that the carrying amount of financial assets and liabilities recognised in the financial statements approximate their fair values.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Revenue recognition**

The Company recognises revenue as follows:

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 2. Significant accounting policies (continued)**

*Membership revenue*

Membership revenue is recognised on a proportional basis over the period of the membership.

*Interest*

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

*Rent*

Rent revenue from catering operations is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

*Other revenue*

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

**Income tax**

The mutuality principle has been applied to the income tax calculation of the Club. 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.

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

Current income tax expense charged to the statement of profit or loss and other comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the Australian Taxation Office.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense / (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.



**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 2. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**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.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Property, plant and equipment**

Land is held at cost. Land is not depreciated.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	20-40 years
Plant and equipment	2-15 years
Motor vehicles	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Impairment of non-financial assets**

Other 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.

**Note 2. Significant accounting policies (continued)**

Recoverable amount is the higher of an asset's fair value less costs of disposal 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.

**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.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Other long-term employee benefits*

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

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 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.

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

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

*Income tax*

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

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

*Employee benefits provision*

As discussed in note 2, 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, probability factors and pay increases through promotion and inflation have been taken into account.

*Mortality fund*

Members of the club who have contributed to the mortality fund are entitled to \$100 payment in the event of their death during the five years following their initial contribution to the fund. The contingent liability occurring as a result of this fund is based on the estimated number of members entitled to this benefit.

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 4. Revenue**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Bar sales	892,643	873,759
Poker machine net clearances	570,179	554,792
Restaurant revenue	547,918	-
Raffles revenue	142,275	125,357
Gaming commissions	49,639	40,620
Membership subscriptions	9,452	12,658
Commissions received	20,376	14,339
Poker machine duty rebate	17,180	24,339
Rent received	883	23,636
Other revenue	25,720	55,005
Revenue	<u>2,276,265</u>	<u>1,724,505</u>

**Note 5. Other income**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest received	<u>83</u>	<u>816</u>

**Note 6. Current assets - cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	<u>271,769</u>	<u>251,943</u>

**Note 7. Current assets - trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	<u>16,838</u>	<u>3,295</u>

**Note 8. Current assets - inventories**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Stock on hand - at cost	<u>43,922</u>	<u>24,373</u>

**Note 9. Current assets - other**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	20,954	20,886
Security deposits	<u>5,000</u>	<u>5,000</u>
	<u>25,954</u>	<u>25,886</u>

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 10. Non-current assets - property, plant and equipment**

	2018 \$	2017 \$
Land - at cost	88,952	88,952
Leasehold improvements - at cost	859,529	819,227
Less: Accumulated depreciation	(712,290)	(684,055)
	<u>147,239</u>	<u>135,172</u>
Plant and equipment - at cost	806,439	731,336
Less: Accumulated depreciation	(438,665)	(373,966)
	<u>367,774</u>	<u>357,370</u>
Motor vehicles - at cost	17,755	17,755
Less: Accumulated depreciation	(11,748)	(5,835)
	<u>6,007</u>	<u>11,920</u>
Capital work in progress - at cost	-	4,000
	<u>609,972</u>	<u>597,414</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land \$	Leasehold Improvements \$	Plant and Equipment \$	Motor Vehicles \$	Capital Work in Progress \$	Total \$
Balance at 1 January 2018	88,952	135,172	357,370	11,920	4,000	597,414
Additions	-	36,302	126,357	-	-	162,659
Disposals	-	-	(653)	-	-	(653)
Transfers in/(out)	-	4,000	-	-	(4,000)	-
Depreciation expense	-	(28,235)	(115,300)	(5,913)	-	(149,448)
Balance at 31 December 2018	<u>88,952</u>	<u>147,239</u>	<u>367,774</u>	<u>6,007</u>	<u>-</u>	<u>609,972</u>

**Core Property and Non-Core Property**

As required by the Registered Clubs Act 1976 ("the Act"), No 31 section 41J(2), the Club's core and non-core property is as follows:

**Core Property**

Lots 113/ DP 8840, 114/ DP 8840, and 115/ DP 8840, Watkins Road, Wangi Wangi - Land and Clubhouse building owned by the Wangi Wangi RSL Sub Branch and leased to the Club.

**Non-Core Property**

Lots 116/ DP 8840, 117/ DP 8840, and 1181 / DP 1145231, Watkins Road, Wangi Wangi - used for car parking facilities.  
Lot 1182/ DP 1145231, Watkins Road, Wangi Wangi - leased to the Sailing Club.

**Land**

Land is valued at cost. Market value of land is well in excess of the cost values per an independent assessment performed by a member of the Australian Property Institute, having recent experience in the location and category of the land being valued. The most recent valuation report valued the land comprising Lots 116/ DP 8840, 117/ DP 8840, 1181/ DP 1145231, and 1182/ DP 1145231 at \$1,350,000 at 15 November 2016.

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 11. Current liabilities - trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	81,631	54,884
Income in advance	20,235	16,744
BAS payable	50,504	22,807
Other payables	45,494	41,035
	<u>197,864</u>	<u>135,470</u>

**Note 12. Current liabilities - borrowings**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan - Premium Funding Insurance	14,106	10,968
Unexpired rent contribution	-	883
Hire purchase	87,042	108,526
	<u>101,148</u>	<u>120,377</u>

**Note 13. Current liabilities - employee benefits**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Annual leave	12,508	-
Sick leave	3,900	-
	<u>16,408</u>	<u>-</u>

**Note 14. Non-current liabilities - borrowings**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan - South Lake Macquarie RSL Sub-Branch	370,000	370,000
Hire purchase	85,218	58,392
	<u>455,218</u>	<u>428,392</u>

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan - South Lake Macquarie RSL Sub-Branch	370,000	370,000
Hire purchase	172,260	166,918
	<u>542,260</u>	<u>536,918</u>

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 14. Non-current liabilities - borrowings (continued)**

The loan from South Lake Macquarie RSL Sub-Branch is secured by first mortgages over the whole of the land comprised in Folios Identifier 116/8840 and 117/8840 being the Club carpark, Watkins Road, Wangi Wangi. The hire purchase borrowings are secured by the assets to which they relate including gaming machines and an eBet ticketing system.

The loan from South Lake Macquarie RSL Sub-Branch was renewed on 30 November 2016 with the facility limit extended to \$370,000 and the term extended to 30 November 2021. The loan remains interest only until the expiration of the agreement. This loan originally commenced on 28 November 2010 and has been consistently renewed with various terms and options since the original commencement date.

**Note 15. Equity - retained surpluses**

	2018 \$	2017 \$
Retained surpluses at the beginning of the financial year	218,672	269,739
Deficit after income tax expense for the year	<u>(20,855)</u>	<u>(51,067)</u>
Retained surpluses at the end of the financial year	<u><u>197,817</u></u>	<u><u>218,672</u></u>

**Note 16. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Club is set out below:

	2018 \$	2017 \$
Aggregate compensation	<u><u>28,142</u></u>	<u><u>102,988</u></u>

**Note 17. Contingent liabilities**

The Club has a contingent liability in respect of those members who qualify for a payment of \$100 in the event of their death. The number of eligible members at balance date is 48 (2017: 51).

	2018 \$	2017 \$
Mortality fund	<u><u>4,800</u></u>	<u><u>5,100</u></u>

**Note 18. Commitments**

	2018 \$	2017 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	84,624	64,148
One to five years	<u>251,524</u>	<u>174,100</u>
	<u><u>336,148</u></u>	<u><u>238,248</u></u>

Operating lease commitments includes contracted amounts for the club building and various plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated.

**Wangi Wangi RSL Sub-Branch Club Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 19. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 16.

*Transactions with related parties*

The following transactions occurred with related parties:

	2018 \$	2017 \$
Payment for goods and services:		
Directors' training	-	2,095
Remuneration paid to a related party of Mr. R. Ahrens	28,705	-
Entertainment services provided by Mr. L. Warren	1,400	-

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 20. Members' guarantee**

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$6 each towards meeting any outstanding debts and obligations of the company. At 31 December 2018, total members were 2,689 (2017: 2,698).

**Note 21. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.




**Wangi Wangi RSL Sub-Branch Club Limited**  
**Directors' declaration**  
**31 December 2018**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
\_\_\_\_\_  
Les McAllister  
Director

7 March 2019