Wangi Wangi RSL Sub-Branch Club Limited

ABN 20 001 020 784

Annual Report - 31 December 2019

Wangi Wangi RSL Sub-Branch Club Limited
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Wangi Wangi RSL Sub-Branch Club Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the Company for the year ended 31 December 2019.

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
Les McAllister
Leigh Warren
David Ingleton (resigned 17/11/2019)
Julie Broadby
Karen Woldhuis
Rebecca Folland (appointed 15/01/2019)
Rob Clarkson (resigned 17/11/2019)
Justin Folland (appointed 03/12/2019)

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 maximising our annual EBITDA.
- 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

- Maintain gross bar margins at current levels of at least fifty seven point five percent (57.5%);
- 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

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 continued with in house catering operations in 2019 employing a new head chef.
Then due to poor financial returns from the kitchen the club negotiated with a new caterer in late December 2019.

After good financial returns for 2018, the decision was made to employ a Secretary Manger with good **industry** skills to further enhance our operation. This employee was employed from 23/09/2019 to his resignation on 14/11/2019. Unfortunately the skill set obtained in a larger club did not fit well with a small community club. Date terminated 14/11/2019.

Previous operation manager employed as Caretaker Secretary Manger Date 11/11/2019.
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 $119,280 (2018: loss $20,855).

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.

Wangi Wangi RSL Sub-Branch Club Limited
Directors' report
31 December 2019

Future developments
The Board to continue to work with Lake Macquarie Council to facilitate the completion of the Wangi jetty.
Continues to develop good relationships with Lake Macquarie Council and local organisations and communities
Develop the Wild Oates area as an outdoor venue;
Update outdoor furniture;
Modifications to bar;
Continue upgrades of poker machines
Continue remodelling the gaming areas of the Club
Provide designated under cover smoking areas
Improve signage on waterfront side of club and
Upgrades to auditorium to accommodate future functions including Tribute shows wedding, birthdays, and presentations

After balance date events
The recent announcement by the World Health Organisation in regard to the global pandemic outbreak of COVID-19 and the response of the Australian Government may materially affect the operations of the Company in future financial periods. At the time of this report, the expected economic impact cannot be reliably measured.

No other 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:	5 years
Name:	Les McAllister
Title:	President
Qualifications:	Retired
Experience and expertise:	3 years
Name:	Rob Clarkson (resigned 17 November 2019)
Title:	Director
Qualifications:	Mine deputy
Experience and expertise:	1 year
Name:	Leigh Warren
Title:	Director
Qualifications:	Retired
Experience and expertise:	2 years
Name:	David Ingleton (resigned 17 November 2019)
Title:	Director
Qualifications:	Retired
Experience and expertise:	1 year
Name:	Julie Broadby
Title:	Director
Qualifications:	Retired
Experience and expertise:	1 year
Name:	Karen Woldhuis
Title:	Director
Qualifications:	Marriage Celebrant
Experience and expertise:	1 year

Name:	Rebecca Folland (appointed 15 January 2019)
Title:	Director
Qualifications:	Employment Consultant
Experience and expertise:	1 year

Name:	Justin Folland (appointed 3 December 2019)
Title:	Director
Experience and expertise:	1 month

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Attended	Held
John Cizzio	8	11
Les McAllister	11	11
Leigh Warren	6	11
David Ingleton	8	11
Julie Broadby	7	11
Karen Woldhuis	9	11
Rob Clarkson	4	7
Rebecca Folland	10	11
Justin Folland	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 2019.

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 $16,860, based on 2,810 current ordinary members (2018: $16,134).

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

17 March 2020

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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 2019, 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	17 March 2020

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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 2019, 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 2019 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.

Emphasis of Matter

We draw attention to Note 2 in the financial report, which indicates that the Company's current liabilities exceed its current assets by $78,492 as at 31 December 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to Note 28 in the financial report, which indicates that the financial impact of the global pandemic, COVID-19, cannot be reliably measured at the time of the issue of the financial report. Our opinion is not modified in respect of this matter.

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	17 March 2020

Wangi Wangi RSL Sub-Branch Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	2019 $	2018 $
Revenue	5	2,628,447	2,276,265
Other income	6	86	83
Expenses			
Cost of goods sold		(721,835)	(587,455)
Accounting and audit fees		(21,329)	(20,044)
Advertising and marketing expenses		(11,077)	(8,576)
Employee benefits expense		(1,075,383)	(776,590)
Equipment lease expenses		(1,697)	(13,489)
Depreciation and amortisation expense	20	(189,973)	(149,448)
Entertainment and promotions expenses		(148,934)	(121,713)
Gaming expenses		(34,052)	(27,340)
Insurance expenses		(46,173)	(43,267)
Loss on disposal of assets		-	(653)
Occupancy expenses		(147,297)	(226,717)
Printing, postage and stationery expenses		(12,554)	(12,473)
Repairs and maintenance expenses		(66,160)	(70,862)
Raffle and bingo expenses		(151,813)	(144,673)
Telephone, internet and computer expenses		(16,915)	(20,080)
Motor vehicle expenses		(14,231)	(8,554)
Other expenses		(55,548)	(36,585)
Finance costs	21	(32,842)	(28,685)
Deficit before income tax expense		(119,280)	(20,856)
Income tax expense		-	-
Deficit after income tax expense for the year	19	(119,280)	(20,856)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(119,280)	(20,856)

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 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	162,313	271,769
Trade and other receivables	8	38,447	16,838
Inventories	9	34,638	43,921
Other	10	28,280	25,954
Total current assets		263,678	358,482
Non-current assets			
Property, plant and equipment	11	487,243	609,972
Right-of-use assets	12	168,107	-
Total non-current assets		655,350	609,972
Total assets		919,028	968,454
Liabilities			
Current liabilities			
Trade and other payables	13	206,132	197,864
Borrowings	14	58,261	101,148
Lease liabilities	15	71,234	-
Employee benefits	16	6,543	16,408
Total current liabilities		342,170	315,420
Non-current liabilities			
Borrowings	17	399,803	455,218
Lease liabilities	18	98,519	-
Total non-current liabilities		498,322	455,218
Total liabilities		840,492	770,638
Net assets		78,536	197,816
Equity			
Retained surpluses	19	78,536	197,816
Total equity		78,536	197,816

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 2019

	Retained surpluses $	Total equity $
Balance at 1 January 2018	218,672	218,672
Deficit after income tax expense for the year	(20,856)	(20,856)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(20,856)	(20,856)
Balance at 31 December 2018	197,816	197,816

	Retained surpluses $	Total equity $
Balance at 1 January 2019	197,816	197,816
Deficit after income tax expense for the year	(119,280)	(119,280)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(119,280)	(119,280)
Balance at 31 December 2019	78,536	78,536

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 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,619,588	2,493,398
Payments to suppliers and employees (inclusive of GST)		(2,594,888)	(2,289,907)
		24,700	203,491
Interest received		86	83
Interest and other finance costs paid		(26,615)	(28,685)
Net cash from/(used in) operating activities		(1,829)	174,889
Cash flows from investing activities			
Payments for property, plant and equipment	11	(9,325)	(162,660)
Net cash used in investing activities		(9,325)	(162,660)
Cash flows from financing activities			
Proceeds from borrowings		-	151,882
Repayment of borrowings and leases		(98,302)	(144,285)
Net cash from/(used in) financing activities		(98,302)	7,597
Net increase/(decrease) in cash and cash equivalents		(109,456)	19,826
Cash and cash equivalents at the beginning of the financial year		271,769	251,943
Cash and cash equivalents at the end of the financial year	7	162,313	271,769

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

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 17 March 2020. 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 16 Leases
AASB 16 Leases will replace AASB 117 Leases and other interpretations. The new lease standard will become effective from the annual reporting period commencing 1 January 2019.

The company has elected to apply the exemptions available under AASB 16 for short term leases and low value underlying assets. In addition, the company applied AASB 16 using the modified retrospective approach, along with practical expedients permitted by the standard. The modified retrospective approach does not require the restatement of comparative financial information.

Upon initial application of AASB 16 on 1 January 2019, the Company estimates that the modified retrospective approach will not result in a material impact to the financial report including no impact on retained earnings.

AASB 15 Revenue from Contracts with Customers
The Company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

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.

Note 2. Significant accounting policies (continued)

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.

Going concern
As at 31 December 2019, the Company's current liabilities ($342,170) exceed its current assets ($263,678) by $78,492.

Notwithstanding this deficiency, and the net deficit for the year of $119,280, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The directors of the Company have considered the going concern assumption appropriate with consideration to the following additional factors:

- The Company's budget excluding depreciation for the financial year 2020 has estimated a surplus;
- The Company continues to receive ongoing financial support from its major creditors and lenders to assist the Company meet its short term liabilities;
- Rationalising operating expenditure; and
- Reviewing staffing and rostering protocols including consideration of restructuring the management and operations of the Club's administration functions.

It is with full consideration of the factors noted above that the financial statements have been prepared on a going concern basis.

Revenue recognition
The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

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

Note 2. Significant accounting policies (continued)

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.

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

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

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

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

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.

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.

Note 2. Significant accounting policies (continued)

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 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.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Lease liabilities
Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases or finance leases, see note 4 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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.

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.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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.

Note 2. Significant accounting policies (continued)

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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

Note 4. Change in accounting policy

As indicated in note 2 above, the company has adopted AASB 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.

On adoption of AASB 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.14%.

Practical expedients applied
In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Note 5. Revenue

	2019 $	2018 $
Bar sales	1,026,669	892,643
Poker machine net clearances	661,808	570,179
Restaurant revenue	659,877	547,918
Raffles revenue	144,542	142,275
Gaming commissions	57,015	49,639
Membership subscriptions	11,062	9,452
Commissions received	15,158	20,376
Poker machine duty rebate	17,180	17,180
Rent received	-	883
Other revenue	35,136	25,720
Revenue	2,628,447	2,276,265

Note 6. Other income

	2019 $	2018 $
Interest received	86	83

Note 7. Current assets - cash and cash equivalents

	2019 $	2018 $
Cash on hand and at bank	162,313	271,769

Note 8. Current assets - trade and other receivables

	2019 $	2018 $
Trade receivables	38,447	16,838

Note 9. Current assets - inventories

	2019 $	2018 $
Stock on hand - at cost	34,638	43,921

Note 10. Current assets - other

	2019 $	2018 $
Prepayments	23,280	20,954
Security deposits	5,000	5,000
	28,280	25,954

Note 11. Non-current assets - property, plant and equipment

	2019 $	2018 $
Land - at cost	88,952	88,952
Leasehold improvements - at cost	859,529	859,529
Less: Accumulated depreciation	(740,735)	(712,290)
	118,794	147,239
Plant and equipment - at cost	815,338	806,439
Less: Accumulated depreciation	(535,993)	(438,665)
	279,345	367,774
Motor vehicles - at cost	17,755	17,755
Less: Accumulated depreciation	(17,603)	(11,748)
	152	6,007
	487,243	609,972

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 $	Total $
Balance at 1 January 2019	88,952	147,239	367,774	6,007	609,972
Additions	-	-	9,325	-	9,325
Depreciation expense	-	(28,444)	(97,755)	(5,855)	(132,054)
Balance at 31 December 2019	88,952	118,795	279,344	152	487,243

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 2019

Note 12. Non-current assets - right-of-use assets

	2019 $	2018 $
Leasehold improvements - right-of-use	226,026	-
Less: Accumulated depreciation	(57,919)	-
	168,107	-

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

	$	Total $
Balance at 1 January 2019	-	-
Adoption of AASB 16 leasing standard	226,026	226,026
Depreciation expense	(57,919)	(57,919)
Balance at 31 December 2019	168,107	168,107

Note 13. Current liabilities - trade and other payables

	2019 $	2018 $
Trade payables	83,503	81,631
Income in advance	20,523	20,235
BAS payable	21,074	50,504
Other payables	81,032	45,494
	206,132	197,864

Note 14. Current liabilities - borrowings

	2019 $	2018 $
Loan - Premium Funding Insurance	15,962	14,106
Hire purchase	42,299	87,042
	58,261	101,148

Note 15. Current liabilities - lease liabilities

	2019 $	2018 $
Lease liability	71,234	-

Note 16. Current liabilities - employee benefits

	2019 $	2018 $
Annual leave	6,543	12,508
Sick leave	-	3,900
	6,543	16,408

Note 17. Non-current liabilities - borrowings

	2019 $	2018 $
Loan - South Lake Macquarie RSL Sub-Branch	370,000	370,000
Hire purchase	29,803	85,218
	399,803	455,218

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

	2019 $	2018 $
Loan - South Lake Macquarie RSL Sub-Branch	370,000	370,000
Hire purchase	72,102	172,260
	442,102	542,260

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.

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 18. Non-current liabilities - lease liabilities

	2019 $	2018 $
Lease liability	98,519	-

Note 19. Equity - retained surpluses

	2019 $	2018 $
Retained surpluses at the beginning of the financial year	197,816	218,672
Deficit after income tax expense for the year	(119,280)	(20,856)
Retained surpluses at the end of the financial year	78,536	197,816

Note 20. Depreciation

	2019 $	2018 $
Depreciation of property, plant and equipment	132,054	-
Depreciation of right-of-use asset	57,919	-
	189,973	-

Note 21. Interest and finance cost paid

	2019 $	2018 $
Interest expense	26,615	-
Interest - lease liability (AASB 16)	6,227	-
	32,842	-

Note 22. Leasing

	2019 $
Impact of adoption of AASB 16	
Rent incurred under the previous accounting standard	62,509
Interest incurred on unwind of lease liability	(6,227)
Depreciation of right-of-use lease asset	(57,919)
Impact of AASB 16 on profit or loss	(1,637)

	2019
Operating lease commitments at 1 January 2019 under AASB 117	259,388
Commitments relating to leases of low-value assets	(20,517)
Discount and interest for adoption of AASB 116	(18,563)
Lease liability as at 1 January 2019	220,308

	2019 $
Lease liabilities	
Current	71,234
Non-current	98,519
	169,753

Lease payments not recognised as liability

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Note 22. Leasing (continued)

	2019
The expense relating to payments not included in the measurement of a lease liability is as follows:	
Within one year	7,200
One to five years	6,120
	13,320

Note 23. 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:

	2019 $	**2018 $**
Aggregate compensation	113,979	28,142

Note 24. 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 54 (2018: 48).

	2019 $	**2018 $**
Mortality fund	5,400	4,800

Note 25. Commitments

	2019 $	**2018 $**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,200	84,624
One to five years	6,120	251,524
	13,320	336,148

Operating lease commitments includes contracted amounts for 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.

Note 26. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 23.

Note 26. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	2019 $	2018 $
Payment for goods and services:		
Remuneration paid to a related party of Mr. R. Ahrens	-	28,705
Entertainment services provided by Mr. L. Warren	1,750	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 27. Members' guarantee

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is would up, the constitution states that each member is requires to contribute a maximum of $6 each towards meeting any outstanding debts and obligations of the company. At 31 December 2019, total members were 2,810 (2018: 2,689).

Note 28. Events after the reporting period

The recent announcement by the World Health Organisation in regard to the global pandemic outbreak of COVID-19 and the response of the Australian Government may materially affect the operations of the Company in future financial periods. At the time of this report, the expected economic impact cannot be reliably measured.

No other matter or circumstance has arisen since 31 December 2019 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 2019

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 2019 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

17 March 2020