



Financial Statements

For the Year Ended 31 December 2018

Moss Vale Services Club Ltd

Contents

For the Year Ended 31 December 2018

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Moss Vale Services Club Ltd

Directors' Report

31 December 2018

The directors present their report on Moss Vale Services Club Ltd for the financial year ended 31 December 2018.

1. General information

Directors

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

Names	Position	Appointed/Resigned
Frank G Shepherd	President	
Eric Campbell	Vice President	
Des Bentley	Treasurer	
Janice E Grunsell	Director	
Roger McAndrew	Vice President	
Lorraine C Matthews	Director	
John Williams	Director	Appointed 23/10/2018

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

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Frank G Shepherd

Qualifications Self-employed
Experience 31 years

Eric Campbell

Qualifications Retired
Experience 21 years

Des Bentley

Qualifications Retail
Experience 18 years (non-continuous)

Janice E Grunsell

Qualifications Retired
Experience 8 years

Roger McAndrew

Qualifications Retired
Experience 5 years

Lorraine C Matthews

Qualifications Office Manager
Experience 1 year

Moss Vale Services Club Ltd

Directors' Report

31 December 2018

1. General information

Information on directors

John Williams

Qualifications	Retired
Experience	6 years (non-continuous)

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

Principal activities

The principal activity of Moss Vale Services Club Ltd during the financial year was that of operating a licenced club.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term and long term objectives

The Club has identified the following objectives:

- The principal objectives of the Club are that of a Licenced Club being a Services Club, to assist the RSL Sub Branch, schools, cultural and chartiy organisations as well as establishing a viable community partnership with other businesses in Moss Vale.
- To provide services to members commensurate with industry needs and regulatory requirements.

Strategy for achieving the objectives

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

- Provide members with a Club that meets todays expectations of Facilities and Services
- To meet financial viability and accountability requirements
- To provide a workplace that is compliant with industry and legislative requirements.

Performance measures

The Board, together with management use Critical Success Factors analysis in the areas of:

- Finance
- Customer Service
- Internal Business Processes
- Innovation.

Using key performance indicators (KPIs) in the above areas provides the board with information needed to react to opportunities or concerns. Industry benchmarking data comparison reports provide up to date relative information specifically to the Club industry

Moss Vale Services Club Ltd

Directors' Report

31 December 2018

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to \$ 65,709 (2017: \$ 217,517).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Dividends paid or recommended

In accordance with the Memorandum of Association no dividend is payable.

Company secretary

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

Mr Phillip Hill has worked for Moss Vale Services Club Ltd for the past 15 years, performing management roles. Mr Hill was appointed company secretary on 1 September 2003.

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Frank G Shepherd	12	12
Eric Campbell	12	11
Des Bentley	12	10
Janice E Grunsell	12	11
Roger McAndrew	12	12
Lorraine C Matthews	12	12
John Williams	2	2

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Moss Vale Services Club Ltd.

Directors' Report

31 December 2018

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 5 of the financial report.

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

Director: 
.....
Frank G Shepherd

Director: 
.....
Des Bentley

Dated this 19th day of March 2019

KELLY + PARTNERS

CHARTERED ACCOUNTANTS

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Moss Vale Services Club Ltd

I declare that, to the best of my 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.



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 19th day of March 2019.

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
Sales revenue	746,568	775,288
Cost of sales	<u>(323,753)</u>	<u>(331,811)</u>
Gross profit	422,815	443,477
Poker machine revenue	3 2,886,844	2,991,834
Club Keno revenue	3 50,986	50,254
Promotions revenue	3 136,338	132,644
TAB revenue	3 33,395	32,533
Interest received	3 5,156	3,579
Other income	3 134,748	151,279
Marketing expenses	(125,674)	(117,130)
Occupancy costs	(37,647)	(45,513)
Administrative expenses	(1,012,707)	(979,497)
Finance costs	(14,584)	(15,489)
Bar expenses	(370,483)	(372,105)
Poker machine expenses	(786,293)	(794,097)
Club Keno expenses	(28,099)	(27,589)
Promotions expenses	(361,153)	(380,847)
TAB expenses	(48,198)	(48,868)
Other expenses	<u>(104,851)</u>	<u>(137,479)</u>
Profit before depreciation and income tax	780,593	886,986
Income tax expense	-	-
Depreciation	4 <u>(714,884)</u>	<u>(669,469)</u>
Profit for the year	<u>65,709</u>	<u>217,517</u>
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss		
Revaluation changes for land and building	-	<u>1,645,663</u>
Other comprehensive income for the year, net of tax	-	<u>1,645,663</u>
Total comprehensive income for the year	<u>65,709</u>	<u>1,863,180</u>

The accompanying notes form part of these financial statements.

Moss Vale Services Club Ltd

Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,119,442	1,195,419
Inventories	8	37,194	40,803
Other assets	11	31,035	32,126
TOTAL CURRENT ASSETS		<u>1,187,671</u>	1,268,348
NON-CURRENT ASSETS			
Property, plant and equipment	9	14,877,325	13,896,318
Intangible assets	10	180,000	180,000
TOTAL NON-CURRENT ASSETS		<u>15,057,325</u>	14,076,318
TOTAL ASSETS		<u>16,244,996</u>	15,344,666
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	217,335	314,181
Borrowings	13	282,524	85,077
Short-term provisions	14	63,582	46,724
Other liabilities	15	39,409	42,113
TOTAL CURRENT LIABILITIES		<u>602,850</u>	488,095
NON-CURRENT LIABILITIES			
Borrowings	13	882,036	175,461
Long-term provisions	14	90,500	77,208
TOTAL NON-CURRENT LIABILITIES		<u>972,536</u>	252,669
TOTAL LIABILITIES		<u>1,575,386</u>	740,764
NET ASSETS		<u>14,669,610</u>	14,603,902
EQUITY			
Reserves		10,609,903	10,609,903
Retained earnings		4,059,707	3,993,999
TOTAL EQUITY		<u>14,669,610</u>	14,603,902

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 January 2018	3,993,999	10,609,903	14,603,902
Profit attributable to members of the entity	65,709	-	65,709
Balance at 31 December 2018	<u>4,059,707</u>	<u>10,609,903</u>	<u>14,669,610</u>
Balance at 1 January 2017	3,776,483	8,964,240	12,740,723
Profit attributable to members of the entity	217,516	-	217,516
Revaluation increment	-	1,645,663	1,645,663
Balance at 31 December 2017	<u>3,993,999</u>	<u>10,609,903</u>	<u>14,603,902</u>

Statement of Cash Flows
For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts in the course of operations	3,948,687	4,463,414
Payments to suppliers and employees	(3,263,558)	(3,632,491)
Interest received	5,156	3,579
Interest paid	(14,584)	(15,489)
Net cash provided by/(used in) operating activities	18 <u>675,701</u>	<u>819,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	45,920	61,890
Purchase of property, plant and equipment	(1,701,621)	(374,814)
Net cash provided by/(used in) investing activities	<u>(1,655,701)</u>	<u>(312,924)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds/(repayments) of borrowings	924,671	(150,819)
Net proceeds/(repayments) of finance lease liabilities	(20,648)	(19,952)
Net cash provided by/(used in) financing activities	<u>904,023</u>	<u>(170,771)</u>
Net increase/(decrease) in cash and cash equivalents held	(75,977)	335,318
Cash and cash equivalents at beginning of year	<u>1,195,419</u>	860,101
Cash and cash equivalents at end of financial year	7 <u><u>1,119,442</u></u>	<u><u>1,195,419</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

The financial report covers Moss Vale Services Club Ltd as an individual entity. Moss Vale Services Club Ltd is a not-for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Moss Vale Services Club Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

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

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

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

(b) Income Tax

The principle of mutuality has been applied in calculating the taxable income of the company. Subscriptions and other amounts received from members are excluded from the assessable income of the company. The company is assessed for income tax purposes on income from non-members (including other investment income such as interest and rent.) Operating expenses are apportioned between member and non-member income. Accordingly, taxable income is not directly related to the operating result and can vary substantially from year to year.

Notes to the Financial Statements
For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Buildings	2.5%
Plant and Equipment	20%
Leased plant and equipment	20%
Poker machines	20%
Poker machine conversions	50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor,

Notes to the Financial Statements

For the Year Ended 31 December 2018

2 Summary of Significant Accounting Policies

(h) Leases

are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Intangible Assets

Poker Machine Entitlements

Poker machine entitlements are considered as intangible assets as per AASB 138 and have been bought to account at cost. They are considered to have an indefinite life and as such are not amortised.

Social impact assessment study costs incurred in order to obtain additional entitlements have been accounted for as prepayments until the entitlements are acquired. The prepayment is then capitalised together with the cost of the entitlements.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Provisions

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

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements
For the Year Ended 31 December 2018

3 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Sales revenue		
- Bar	746,568	775,288
- Poker machine revenue	2,886,844	2,991,834
- Club Keno revenue	50,986	50,254
- Promotions revenue	136,338	132,644
- TAB revenue	33,395	32,533
	<u>3,854,131</u>	<u>3,982,553</u>
Other revenue		
- Interest received	5,156	3,579
- Commission received	31,284	32,356
- Members' subscriptions	30,000	31,297
- Poker machine rebate	17,180	17,180
- Rental income	11,412	10,986
- Sundry revenue	4,682	5,682
- Profit/(loss) on sale of assets	40,191	53,779
	<u>139,905</u>	<u>154,859</u>
Total Revenue	<u><u>3,994,036</u></u>	<u><u>4,137,412</u></u>

4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

- Interest paid	<u>14,584</u>	<u>15,489</u>
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The result for the year includes the following specific expenses:

Other expenses:

Depreciation	<u>714,884</u>	<u>669,469</u>
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5 Auditors' Remuneration

Remuneration of the auditor [Kelly + Partners], for:

- auditing or reviewing the financial statements	26,300	26,300
- financials preparation	4,500	4,500
- taxation services	2,000	2,000
- other services	-	140
- over accrual of financials preparation	-	(2,170)
Total	<u><u>32,800</u></u>	<u><u>30,770</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

6 Income Tax Expense

(a) Reconciliation of income tax expense to operating profit before income tax:

	2018	2017
	\$	\$
Operating profit/(loss) before income tax	65,709	217,517
Adjustments due to the mutuality principle		
Exempt income from members	(30,000)	(31,297)
Wholly assessable income	(72,804)	(69,791)
Exempt expenditure	315,456	265,348
Wholly deductible expenditure	137,785	156,816
	<u>416,146</u>	<u>538,593</u>
Proportion applicable to non-member 2.62% (2017: 2.45%)	10,889	13,205
Change in unrecognised deductible temporary difference :		
Prima facie income tax expense	3,267	3,962
Increase in income tax expense due to wholly assessable income :		
Interest, rent, commissions and GST rebate on gaining machines	21,842	20,937
Decrease in income tax expense due to wholly assessable income :		
Superannuation, rates and taxes and investment property expenses	(39,632)	(45,220)
	<u>(14,523)</u>	<u>(20,321)</u>
Amount transferred to future income tax benefit not brought to account	14,523	20,321
	<u>14,523</u>	<u>20,321</u>
Income tax expense attributable to profit from ordinary activities	<u>-</u>	<u>-</u>
Tax losses carried forward	719,273	670,862

7 Cash and Cash Equivalents

Cash on hand	142,330	165,120
Bank balances	977,112	1,030,299
	<u>1,119,442</u>	<u>1,195,419</u>

8 Inventories

CURRENT		
At cost: Stock on hand	37,194	40,803
	<u>37,194</u>	<u>40,803</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

9 Property, plant and equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land - At independent valuation	<u>3,250,000</u>	3,250,000
Buildings		
At independent valuation	9,570,000	9,570,000
Accumulated depreciation	<u>(325,722)</u>	-
Total buildings	<u>9,244,278</u>	9,570,000
Total land and buildings	<u>12,494,278</u>	12,820,000
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>1,508,065</u>	12,305
Plant and equipment		
At cost	2,029,732	1,987,531
Accumulated depreciation	<u>(1,806,268)</u>	(1,666,482)
Total plant and equipment	<u>223,464</u>	321,049
Poker machines		
At cost	2,079,317	2,033,110
Accumulated depreciation	<u>(1,427,799)</u>	(1,290,146)
Total Poker machines	<u>651,518</u>	742,964
Total plant and equipment	<u>2,383,047</u>	1,076,318
Total property, plant and equipment	<u>14,877,325</u>	<u>13,896,318</u>

The company's land and buildings were revalued at 4 October 2017 by independent valuers. The 2017 valuation was used to assist the directors in determining a valuation of land and buildings as at 31 December 2017. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

The valuation was carried out by Global Valuation Services Pty Ltd. These valuations were based on the unencumbered use value of the buildings and market value of the land owned and occupied by the Company.

Notes to the Financial Statements
For the Year Ended 31 December 2018

9 Property, plant and equipment

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Poker machines	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2018						
Balance at the beginning of year	3,250,000	9,570,000	321,049	742,964	12,305	13,896,318
Additions	-	-	42,200	163,660	1,495,760	1,701,620
Disposals	-	-	-	(5,729)	-	(5,729)
Depreciation expense	-	(325,722)	(139,785)	(249,377)	-	(714,884)
Balance at the end of the year	3,250,000	9,244,278	223,464	651,518	1,508,065	14,877,325

10 Intangible Assets

	2018	2017
	\$	\$
Poker Machine Licenses - At cost	180,000	180,000
Accumulated amortisation and impairment	-	-
Total Intangibles	180,000	180,000

11 Other Assets

CURRENT		
Prepayments	31,035	32,126

12 Trade and Other Payables

CURRENT		
Trade payables	98,579	169,331
Sundry payables and accrued expenses	84,305	87,563
GST liability	10,973	39,762
Other payables	23,478	17,525
	217,335	314,181

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements
For the Year Ended 31 December 2018

13 Borrowings

	2018	2017
	\$	\$
CURRENT		
Bank loans	282,524	64,429
Lease liability	-	20,648
Total current borrowings	282,524	85,077
NON-CURRENT		
Bank loans	882,036	175,461
Total non-current borrowings	882,036	175,461
Total borrowings	1,164,560	260,538

The following securities have been pledged by the Club in relation to the borrowings:

- a first registered mortgage over all land and improvement currently owned by the Club;
- a first registered fixed and floating charge over all present and future assets of the Club; and
- a bill of sale charge over the Club's Liquor and Gaming Licences

14 Provisions

CURRENT		
Employee entitlements	63,582	46,724
NON-CURRENT		
Employee entitlements	90,500	77,208
	Employee entitlements	Total
	\$	\$
Total provisions		
Opening balance at 1 January 2018	123,931	123,931
Additional provisions	30,151	30,151
Balance at 31 December 2018	154,082	154,082

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate:	1.20%
Discount rate:	3.72%

The discount rate used is the Milliman Group 100 Discount Rate for 10 years as at 31 December 2018.

Notes to the Financial Statements

For the Year Ended 31 December 2018

15 Other Liabilities

	2018	2017
	\$	\$
CURRENT		
Subscription in advance	17,347	19,403
Member points liability	22,062	22,710
	<u>39,409</u>	<u>42,113</u>

16 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 139,984 (2017: \$ 142,358).

17 Contingencies

The Club has rebuilt and refurbished the older function areas and toilets of the Club which has not had any substantial upgrades since the 1970s. The area required structural rebuilding to meeting existing building codes and WHS regulations. Total project costing is estimated at \$1.9mil. with an expected completion date of March 2019.

In the opinion of the Directors, the Company did not have any other contingencies at 31 December 2018 (31 December 2017:None).

18 Cash Flow Information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,119,442	1,195,419
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(b) Reconciliation of result for the year to cashflows from operating activities

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

Profit for the year	65,709	217,517
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	714,884	669,469
- net gain on disposal of property, plant and equipment	(40,191)	(53,779)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	-	285
- (increase)/decrease in prepayments	1,091	8,116
- (increase)/decrease in inventories	3,609	2,288
- increase/(decrease) in trade and other payables	(96,846)	(28,249)
- increase/(decrease) in other liabilities	(2,705)	2,641
- increase/(decrease) in provisions	30,150	725
Cashflows from operations	<u>675,701</u>	<u>819,013</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

19 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20 Bank Guarantee

At the request of the Company, the Company's bank is holding bank guarantees in favour of the Totalisator Agency Board of NSW at the value of \$5,000.

21 Members' Guarantee

The Company 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 \$ 5 each towards meeting any outstandings and obligations of the Company. At 31 December 2018 the number of members was 4,585 (2017: 4,802).

22 Statutory Information

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

Moss Vale Services Club Ltd
15 Yarrowa Street
MOSS VALE NSW 2577

Moss Vale Services Club Ltd

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 20, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
Frank G Shepherd

Director 
Des Bentley

Dated this 19th day of March 2019

KELLY + PARTNERS

CHARTERED ACCOUNTANTS

Moss Vale Services Club Ltd

Independent Audit Report to the members of Moss Vale Services Club Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Moss Vale Services Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Kelly Partners (South West Sydney) Partnership ABN 74 977 815 661

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LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Moss Vale Services Club Ltd

Independent Audit Report to the members of Moss Vale Services Club Ltd

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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.

Moss Vale Services Club Ltd

Independent Audit Report to the members of Moss Vale Services Club Ltd

- 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 19th day of March 2019.

KELLY + PARTNERS

CHARTERED ACCOUNTANTS

Disclaimer

For the Year Ended 31 December 2018

The additional financial data presented on page 26 to 32 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2018. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Moss Vale Services Club Ltd) in respect of such data, including any errors or omissions therein however caused.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown
Dated this 19th day of March 2019.

Moss Vale Services Club Ltd
For the Year Ended 31 December 2018

Detailed trading account

	2018	2017
	\$	\$
Bar		
Sales revenue		
Sales	746,568	775,288
Cost of sales		
Opening stock	39,310	41,772
Purchases	320,001	329,341
Closing stock	(35,558)	(39,301)
Cost of goods sold	<u>323,753</u>	<u>331,812</u>
Gross profit	<u>422,815</u>	<u>443,476</u>
Less: Direct expenses		
Depreciation	3,856	3,783
Employee entitlements	7,704	(831)
General expenses	10,848	12,205
Repairs and maintenance	1,678	6,280
Replacements	1,479	1,930
Salaries and wages	313,514	316,481
Stocktaking expenses	6,249	6,219
Superannuation contributions	29,011	29,821
	<u>374,339</u>	<u>375,888</u>
Net profit / (loss)	<u><u>48,476</u></u>	<u><u>67,588</u></u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2018

Detailed trading account

	2018	2017
	\$	\$
Poker Machines		
Income		
Poker machines - net	<u>2,886,844</u>	<u>2,991,834</u>
Less: Direct expenses		
Depreciation	249,377	234,726
Employee entitlements	1,450	(156)
Monitoring	42,305	41,403
Link fees	87,859	78,955
Repairs and maintenance	34,983	33,675
Stationery	630	1,260
Salaries and wages	110,457	110,062
Superannuation contributions	9,554	9,625
Turnover tax	466,804	484,348
Community welfare expenditure	<u>32,251</u>	<u>34,926</u>
	<u>1,035,670</u>	<u>1,028,824</u>
Net profit / (loss)	<u>1,851,174</u>	<u>1,963,010</u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2018

Detailed trading account

	2018	2017
	\$	\$
Club Keno		
Income		
Commissions received	<u>50,986</u>	50,254
Less: Direct expenses		
Employee entitlement	388	(42)
Promotions	2,934	3,120
Printing, postage and stationery	1,757	1,060
Repairs and maintenance	4,772	4,773
Salaries and wages	16,788	17,159
Superannuation contributions	<u>1,460</u>	1,519
	<u>28,099</u>	27,589
Net profit / (loss)	<u>22,887</u>	<u>22,665</u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2018

Detailed trading account

	2018	2017
	\$	\$
Promotions		
Income		
Bingo	34,658	33,716
Meat market	64,005	59,605
Raffles	6,851	6,753
Commissions received	22,317	25,982
Gift shop sales	8,508	6,588
	<u>136,339</u>	132,644
Less: Direct expenses		
Bingo	105,476	102,385
Meat market	59,973	65,108
Lucky badge draw	75,755	76,286
Raffles	5,021	4,696
Sundry promotions	84,140	103,046
Super Sunday expenses	24,537	23,540
Gift shop purchases - net	6,250	5,787
	<u>361,152</u>	380,848
Net profit / (loss)	<u>(224,813)</u>	<u>(248,204)</u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2018

Detailed trading account

	2018	2017
	\$	\$
TAB		
Income		
Commissions received	<u>33,395</u>	32,533
Less: Direct expenses		
Depreciation	3,814	3,469
Employee entitlements	337	40
Flexifast fees	2,836	2,836
Giddy up ratings	-	2,011
Promotions	2,591	2,500
Salaries and wages	15,173	14,664
Stationery	7,091	7,091
Sky channel rental	18,853	18,414
Superannuation contributions	<u>1,317</u>	1,311
	<u>52,012</u>	52,336
Net profit / (loss)	<u><u>(18,617)</u></u>	<u><u>(19,803)</u></u>

Profit and Loss Account

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Net profit from bar	48,476	67,588
Net profit from poker machines	1,851,174	1,963,010
Net profit from Club Keno	22,887	22,665
Net (loss) from promotions	(224,813)	(248,204)
Net (loss) from TAB	(18,617)	(19,803)
Net profit from trading	1,679,107	1,785,256
Other income		
Interest received	5,156	3,579
Poker machine rebate	17,180	17,180
Rental income	11,412	10,986
Commission received	31,284	32,356
Sundry revenue	4,682	5,682
Members' subscriptions	30,000	31,297
Profit/(loss) on sale of assets	40,191	53,779
Total other income	139,905	154,859
Total operating income	1,819,012	1,940,115
Less: Expenses		
Advertising	125,674	117,130
Auditors remuneration	32,800	30,770
Austar	23,603	25,014
Bank charges	11,407	5,564
Borrowing expenses	-	327
Cash shortages	1,290	2,649
Cleaning	34,040	35,665
Computer expenses	23,580	19,512
Contract cleaning	79,324	80,410
Depreciation	457,837	427,491
Dining, snack and beverage expenses	4,812	7,908
Directors' benefits	6,680	7,570
Donations	1,800	1,642
Electricity & gas	131,608	126,586
Employee entitlements	20,272	1,713
Fees and Permits	28,656	40,003
Insurance	70,968	62,109
Interest paid	14,584	15,489
Internet	1,373	1,163
Kitchen equipment	3,931	6,644
Lease rentals on operating lease	7,195	-
Legal expenses	140	980
Member expenses	68,075	99,490
Mortality	700	800
Payroll tax	4,818	8,721
Printing, postage and stationery	8,514	8,039
Promotions, functions and activities	24,720	19,652
Rates and taxes	37,647	45,513
Repairs and maintenance	118,133	91,013

Moss Vale Services Club Ltd

Profit and Loss Account

For the Year Ended 31 December 2018

	2018	2017
	\$	\$
Salaries and wages	327,388	341,097
Security	16,487	17,378
Staff expenses	8,928	10,801
Superannuation contributions	49,053	53,272
Telephone and fax	3,894	5,503
Training	3,182	4,768
Wreaths/flowers	186	212
Net profit / (loss)	65,709	217,517