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# Toronto RSL Memorial Club
# A.B.N. 77 001 068 079

## Audited Financial Statements
## For The Year Ending
## 31 December 2017

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# TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## FULL FINANCIAL REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

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## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## CLUB PROPERTY DECLARATIONS

Pursuant to Section 41J(2) of the Registered Clubs Act the Directors declare that, for the financial year ended 31 December 2017, the classifications of the property held are as follows:

| Property Address | Current Usage | Classification |
|---|---|---|
| 37-41 The Boulevarde, Toronto, 2283 | Clubhouse, Carpark, Facilities. | Core |
| 37-41 The Boulevarde, Toronto, 2283 | Land not used for the Clubhouse, Carpark and Facilities. | Non-Core |
| 65 Kinka Road, Seal Rocks, 2423 | Land not used for the Clubhouse or Facilities. | Non-Core |

**Notes to Members**

1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.

2. Core property is any real property owned or occupied by the Club that comprises:

   (a) the defined premises of the Club; or

   (b) any facility provided by the Club for use of its members and their guests; or

   (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.

3. Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.

4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:

   (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and

   (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval; and

   (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.

5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above do not apply to;

   - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer;
   - Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.

# TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## DIRECTORS' REPORT

Your Directors present this report on the company for the financial year ended 31 December 2017.

**Directors**

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

Mr Ron Mitcherson

Mr Gordon Gardiner

Mr Peter Keane JP

Ms Kerrie Middleton

Mr Kevin Carveth

Mr Phillip Gray

Mr Paul Kelly

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 activities of the company during the financial year were:

- Operation of a Registered Club providing facilities for members and their guests
- Operation of an investment property known as "The Alec Rice Centre"

**Short Term Objectives**

To maintain the financial strength of the Club; which will enable the continued improvement of Club facilities for members and their guests.

**Long Term Objectives**

Continue to diversify income to enable the club to provide additional facilities to help benefit the community as well as the Club's members and guests.

**Achieving Objectives**

The Board of Directors, management and staff together are committed to achieving best practice principles which are measurable by the continual support of community partnerships whilst exceeding financial benchmarks. Meeting our strategic goals is achieved through constant review and evaluation of business performance using both financial and non-financial indicators that are key to the club industry.

# TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## DIRECTORS' REPORT

**Information on Directors**

| | | |
|---|---|---|
| **Ron Mitcherson** | — | Director/President |
| Experience | — | Retired NSW police detective. Has been a board member since 2005. |
| **Gordon Gardiner** | — | Director/Vice President |
| Experience | — | Retired technician. Has been a board member since 1979. |
| **Peter Keane JP** | — | Director/Treasurer |
| Experience | — | Retired mine worker. Voluntary fire fighter. Has been a board member since 2006. |
| **Kerrie Middleton** | — | Director/Honorary Assistant Secretary |
| Experience | — | Home duties. Has been a board member since 2004. |
| **Kevin Carveth** | — | Director |
| Experience | — | Retired bus driver. Has been a board member since 2003. |
| **Phillip Gray** | — | Director |
| Experience | — | Rigger. Has been a board member since 2008. |
| **Paul Kelly** | — | Director |
| Experience | — | HM Customs Officer. Has been a board member since October 2016. |

**Meetings of Directors**

During the financial year, 12 meetings of Directors were held. Attendances by each Director were as follows:

| | Number eligible to attend | Number attended |
|---|---|---|
| Ron Mitcherson | 12 | 12 |
| Gordon Gardiner | 12 | 9 |
| Peter Keane JP | 12 | 12 |
| Kerrie Middleton | 12 | 7 |
| Kevin Carveth | 12 | 12 |
| Phillip Gray | 12 | 11 |
| Paul Kelly | 12 | 11 |

**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 membership is required to contribute a maximum of $10.00 each towards meeting any outstanding obligations of the company. At 31 December 2017 the collective liability of members was $67,100 (2016: $52,010).

## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## DIRECTORS' REPORT

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 6 of the Directors' report.

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

Director _____

Ron Mitcherson

Director _____

Peter Keane JP

Dated this Nine Teenth day of March 2018

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# AUDITOR'S INDEPENDENCE DECLARATION
# UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
# TO THE DIRECTORS OF
# TORONTO RSL MEMORIAL CLUB LIMITED
# ABN 77 001 068 079

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 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.

EVOLUTION AUDIT PTY LTD

Unit 1 B2, 335 Hillsborough Road
WARNERS BAY NSW 2282

Director: Craig Bartlett

Date: 19 MARCH 2018


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## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| Revenue from continuing operations | 2 | 6,702,503 | 6,066,360 |
| Revenue from investment properties | 2 | 652,069 | 504,541 |
| Other income | 2 | 90,170 | 92,650 |
| Changes in inventories | | (5,538) | 12,294 |
| Inventories purchased | | (931,530) | (878,648) |
| Employee benefits expense | | (1,938,958) | (1,911,813) |
| Depreciation and amortisation expense | 3 | (900,016) | (843,099) |
| Finance costs | 3 | (167,853) | (176,532) |
| Poker machine duty | | (689,077) | (579,261) |
| Raffle and bingo expenses | | (308,416) | (304,259) |
| Advertising, promotions and entertainment | | (294,204) | (294,065) |
| Repairs and maintenance expense | | (165,659) | (178,478) |
| Occupancy costs | | (327,872) | (323,715) |
| Insurance | | (132,617) | (104,511) |
| Members amenities and expenses | | (247,480) | (240,166) |
| Donations and sponsorship | | (74,797) | (55,847) |
| Other expenses | | (333,501) | (328,847) |
| Profit before income tax | | 927,224 | 456,604 |
| Income tax benefit/(expense) | 4 | (74,867) | 7,553 |
| **Profit after income tax attributable to members** | | 852,357 | 464,157 |
| Other comprehensive income: | | | |
| Net gain/(loss) on revaluation of available-for-sale financial assets | | 230 | 79 |
| Other comprehensive income, net of tax | | 230 | 79 |
| **Total of comprehensive income for the year attributable to members** | | 852,587 | 464,236 |

The accompanying notes form part of these financial statements.

## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 1,537,140 | 876,742 |
| Trade and other receivables | 6 | - | 2,204 |
| Inventories | 7 | 69,505 | 72,375 |
| Financial asset | 8 | 2,159,278 | 1,615,037 |
| Current tax asset | 15 | 65,771 | 139,479 |
| Other current assets | 9 | 82,168 | 75,252 |
| TOTAL CURRENT ASSETS | | 3,913,862 | 2,781,089 |
| **NON-CURRENT ASSETS** | | | |
| Financial asset | 8 | 1,332 | 1,102 |
| Property, plant and equipment | 10 | 7,227,616 | 7,268,785 |
| Investment properties | 11 | 6,570,854 | 6,770,072 |
| Deferred tax asset | 15 | 190,138 | 288,786 |
| Intangible assets | 12 | 513,304 | 563,348 |
| TOTAL NON-CURRENT ASSETS | | 14,503,244 | 14,892,093 |
| **TOTAL ASSETS** | | 18,417,106 | 17,673,182 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 620,929 | 568,951 |
| Short term borrowings | 14 | 3,800,000 | 3,970,000 |
| Short term provisions | 16 | 140,372 | 91,306 |
| TOTAL CURRENT LIABILITIES | | 4,561,301 | 4,630,257 |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 24,776 | 23,123 |
| Deferred tax liabilities | 15 | 97,901 | 120,993 |
| Long term provisions | 16 | 21,589 | 39,857 |
| TOTAL NON-CURRENT LIABILITIES | | 144,266 | 183,973 |
| **TOTAL LIABILITIES** | | 4,705,567 | 4,814,230 |
| **NET ASSETS** | | 13,711,539 | 12,858,952 |
| **EQUITY** | | | |
| Financial assets reserve | | 1,332 | 1,102 |
| Retained earnings | | 13,710,207 | 12,857,850 |
| **TOTAL EQUITY** | | 13,711,539 | 12,858,952 |

The accompanying notes form part of these financial statements.

## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Retained Earnings | Financial Assets Reserve | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 1 January 2016** | 12,393,693 | 1,023 | 12,394,716 |
| Profit attributable to the members | 464,157 | - | 464,157 |
| Revaluation of available-for-sale financial assets | - | 79 | 79 |
| **Balance at 31 December 2016** | 12,857,850 | 1,102 | 12,858,952 |
| Profit attributable to the members | 852,357 | - | 852,357 |
| Revaluation of available-for-sale financial assets | - | 230 | 230 |
| **Balance at 31 December 2017** | 13,710,207 | 1,332 | 13,711,539 |

The accompanying notes form part of these financial statements.

## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 7,963,796 | 7,114,259 |
| Payments to suppliers and employees | | (5,997,853) | (5,623,949) |
| Interest received | | 46,101 | 55,215 |
| Finance costs | | (167,853) | (176,532) |
| Income tax refunded/(paid) | | 74,396 | (61,407) |
| **Net cash provided by/(used in) operating activities** | | 1,918,587 | 1,307,586 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment | | 80,416 | 69,571 |
| Payment for property, plant and equipment | | (578,301) | (813,699) |
| Payment for investment properties | | - | (45,775) |
| Payment for intangibles | | (48,209) | - |
| Proceeds from held-to-maturity investments | | - | 710,598 |
| Payments for held-to-maturity investments | | (542,095) | (59,493) |
| **Net cash provided by/(used in) investing activities** | | (1,088,189) | (138,798) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | - | 317,919 |
| Payment of borrowings | | (170,000) | (1,008,973) |
| **Net cash provided by/(used in) financing activities** | | (170,000) | (691,054) |
| Net increase/(decrease) in cash held | | 660,398 | 477,734 |
| Cash at the beginning of the financial year | | 876,742 | 399,008 |
| **Cash at the end of the financial year** | 5 | 1,537,140 | 876,742 |

The accompanying notes form part of these financial statements.

# TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information

The financial report is for the year ended 31 December 2017 for Toronto RSL Memorial Club Limited as an individual company, incorporated and domiciled in Australia. Toronto RSL Memorial Club Limited is a not for profit company limited by guarantee.

The financial statements were authorised for issue 19 March 2018 by the Directors of the company.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards– Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are denominated in Australian dollars and have been rounded to the nearest dollar.

#### Accounting Policies

a. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b. **Inventories**

Inventories are measured at the lower of cost or net realisable value.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

c. **Property, Plant and Equipment**

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

**Property**

Freehold land and buildings are measured on the cost basis less depreciation for buildings and impairment losses.

The carrying amount of freehold land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

**Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Land and buildings | 2.5 – 4% prime cost |
| Plant and equipment | 2.5 – 50% prime cost and diminishing value |
| Motor vehicles | 15 – 25% prime cost and diminishing value |
| Poker machines | 20 – 33.3% prime cost |

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

d. **Leases**

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

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset. 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 the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over 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.

e. **Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the assets (ie trade date accounting is adopted)

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and Subsequent Measurement**

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. **Financial Instruments (cont.)**

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit and loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

*(v) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. **Financial Instruments (cont.)**

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

f. **Impairment of Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the statement of profit or loss and other comprehensive income, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an asset's class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. **Employee Benefits**

Provision is made for the entity's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

The entity classifies employees' long service leave and annual leave entitlements as other long term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The entity's obligations for long term employee benefits are presented as non current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

### i. Goods and Services Tax (GST)

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

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### j. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date. Under the mutuality principle, any profit arising from operations attributable to members is not treated as taxable income. However, the club is liable for income tax on income generated by visitors and external sources such as commissions and interest.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

k. **Intangibles**

**Poker Machine Licences**

Poker machine licences are recorded at cost. Poker machine licences have an indefinite life and are carried at cost less any impairment losses. They are tested annually for impairment.

**Lease Preparation Fees**

Lease preparation fees are recorded at cost. Lease preparation fees have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They are being amortised over the life of the relevant leases.

l. **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 recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

m. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. **Investment Property**

Investment property, comprising the Alec Rice Centre, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

o. **Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p. **Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 2: REVENUE

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Revenue from continuing operations | | |
| Sale of goods | 2,147,434 | 2,106,302 |
| Interest received | 48,247 | 40,054 |
| Services revenue | 4,506,822 | 3,920,004 |
| | 6,702,503 | 6,066,360 |
| Revenue from investment properties | 652,069 | 504,541 |
| Other income | | |
| Employment subsidies | 9,500 | 6,364 |
| Government grants | 17,180 | 17,180 |
| Insurance recovery | - | 13,373 |
| Net profit on disposal of property, plant and equipment | 63,490 | 55,733 |
| | 90,170 | 92,650 |
| Total revenue | 7,444,742 | 6,663,551 |

## NOTE 3: PROFIT

| | | |
|---|---|---|
| **Expenses** | | |
| Costs of sales | 937,068 | 866,354 |
| Depreciation and amortisation | | |
| — land and buildings | 168,219 | 173,606 |
| — plant and equipment | 148,200 | 157,024 |
| — motor vehicles | 19,069 | 14,325 |
| — poker machines | 267,057 | 239,734 |
| — investment properties | 199,218 | 197,504 |
| Total depreciation | 801,763 | 782,193 |
| — Intangibles | 98,253 | 60,906 |
| Total depreciation and amortisation | 900,016 | 843,099 |
| Interest expense | 167,853 | 176,532 |
| Direct expenses from investment properties | 606,492 | 553,193 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 4: INCOME TAX EXPENSE

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| a. The components of tax expense comprise: | | |
| Current tax | - | - |
| Deferred tax | 74,867 | (7,553) |
| | 74,867 | (7,553) |
| b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2016: 30%) | 254,987 | 136,981 |
| Add: Tax effect of: | | |
| - Non-deductible capitalised interest | 1,249 | 1,363 |
| - Non-deductible employee leave benefits paid | 1,353 | 451 |
| - Non-deductible lease preparation costs and lease incentives | 13,762 | 18,272 |
| Less: Tax effect of: | | |
| - Accelerated tax depreciation and amortisation | (722) | (788) |
| - Other allowable tax deductions | (1,412) | (1,541) |
| - Deductible development costs | (4,415) | (4,816) |
| - Movement in accrued interest income | (590) | 4,548 |
| - Movement in accruals balance | (499) | (1,796) |
| - Net effect of mutuality principle applied in accordance with ATO regulations | (188,846) | (160,227) |
| Income tax attributable to company | 74,867 | (7,553) |

## NOTE 5: CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| CURRENT | | |
| Cash at bank | 1,387,800 | 732,196 |
| Cash on hand | 149,340 | 144,546 |
| | 1,537,140 | 876,742 |

## NOTE 6: TRADE AND OTHER RECEIVABLES

| | | |
|---|---|---|
| CURRENT | | |
| Other receivables | - | 2,204 |
| | - | 2,204 |

## NOTE 7: INVENTORIES

| | Note | 2017 | 2016 |
|---|---|---|---|
| CURRENT | | $ | $ |
| At cost | | | |
| Stock | | 69,505 | 72,375 |
| | | 69,505 | 72,375 |

## NOTE 8: FINANCIAL ASSETS

| | | | |
|---|---|---|---|
| CURRENT | | | |
| Held-to-maturity investments | 8a | 2,159,278 | 1,615,037 |
| | | 2,159,278 | 1,615,037 |
| NON CURRENT | | | |
| Available-for-sale financial assets | 8b | 1,332 | 1,102 |
| | | 1,332 | 1,102 |

**a) Held-to-maturity investments comprise:**

— fixed interest term deposits

| | | |
|---|---|---|
| Term deposits are held for the purpose of generating income through the receipt of interest at maturity | 2,159,278 | 1,615,037 |

**b) Available-for-sale investments comprise:**

Listed investments, at fair value

| | | |
|---|---|---|
| — share in listed corporations | 1,332 | 1,102 |

Available-for-sale financial assets comprise investments in the ordinary issued capital of IAG. There are no fixed returns or fixed maturity dates attached to this investment.

## NOTE 9: OTHER ASSETS

| | | |
|---|---|---|
| CURRENT | | |
| Prepayments | 82,168 | 75,252 |
| | 82,168 | 75,252 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 10: PROPERTY, PLANT AND EQUIPMENT

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| LAND AND BUILDINGS | | |
| Freehold land: | | |
| At deemed cost | 2,243,225 | 2,243,225 |
| Total land | 2,243,225 | 2,243,225 |
| | | |
| Buildings | | |
| At deemed cost | 3,071,293 | 3,071,293 |
| Less accumulated depreciation | (1,948,644) | (1,844,297) |
| Total buildings | 1,122,649 | 1,226,996 |
| | | |
| Building improvements | | |
| At cost | 2,717,832 | 2,553,016 |
| Less accumulated depreciation | (251,293) | (187,423) |
| Total building improvements | 2,466,539 | 2,365,593 |
| Total land and buildings | 5,832,413 | 5,835,814 |
| | | |
| Plant and equipment | | |
| At cost | 2,402,170 | 2,417,497 |
| Less accumulated depreciation | (1,800,309) | (1,715,697) |
| Total plant and equipment | 601,861 | 701,800 |
| | | |
| Motor vehicles | | |
| At cost | 109,692 | 101,870 |
| Less accumulated depreciation | (36,724) | (53,532) |
| Total motor vehicles | 72,968 | 48,338 |
| | | |
| Poker machines | | |
| At cost | 2,449,032 | 2,369,702 |
| Less accumulated depreciation | (1,728,658) | (1,686,869) |
| Total poker machines | 720,374 | 682,833 |
| | | |
| Total property, plant and equipment | 7,227,616 | 7,268,785 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONT.)

**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 | Motor Vehicles | Poker Machines | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **2017** | | | | | |
| Balance at the beginning of the year | 5,835,814 | 701,800 | 48,338 | 682,833 | 7,268,785 |
| Additions at cost | 164,818 | 48,817 | 56,036 | 308,630 | 578,301 |
| Disposals | - | (556) | (12,337) | (4,032) | (16,925) |
| Depreciation expense | (168,219) | (148,200) | (19,069) | (267,057) | (602,545) |
| Carrying amount at end of year | 5,832,413 | 601,861 | 72,968 | 720,374 | 7,227,616 |

### NOTE 11: INVESTMENT PROPERTIES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Balance at 1 January 2017 | 6,770,072 | 6,921,801 |
| Additions at cost | - | 45,775 |
| Depreciation expense | (199,218) | (197,504) |
| Impairment loss | - | - |
| Balance at 31 December 2017 | 6,570,854 | 6,770,072 |

**Impairment Losses**

A valuation was undertaken of the Alec Rice Centre. Based on this valuation it was determined that the appropriate carrying value of the Alec Rice Centre at 31 December 2014 balance date should be $7.1 million. No further impairment has been recognised during the 2017 financial year. The total impairment recognised for this asset at 31 December 2017 remains unchanged at $301,500.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### NOTE 12: INTANGIBLE ASSETS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Poker machine licences | | |
| At cost | 351,810 | 351,810 |
| Less accumulated amortisation | - | - |
| Net carrying value | 351,810 | 351,810 |
| | | |
| Lease preparation fees | | |
| At cost | 394,998 | 346,789 |
| Less accumulated amortisation | (233,504) | (135,251) |
| Total lease preparation fees | 161,494 | 211,538 |
| | | |
| Total intangible assets | 513,304 | 563,348 |

| | Poker Machine Licences | Lease Preparation Fees | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2016** | | | |
| Balance at the beginning of the year | 351,810 | 272,444 | 624,254 |
| Additions at cost | - | - | - |
| Disposals | - | - | - |
| Amortisation charge | - | (60,906) | (60,906) |
| Carrying amount at end of year | 351,810 | 211,538 | 563,348 |
| **2017** | | | |
| Balance at the beginning of the year | 351,810 | 211,538 | 563,348 |
| Additions at cost | - | 48,209 | 48,209 |
| Disposals | - | - | - |
| Amortisation charge | - | (98,253) | (98,253) |
| Carrying amount at end of year | 351,810 | 161,494 | 513,304 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 13: TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Trade payables | 213,790 | 156,793 |
| Deferred income | 16,836 | 15,235 |
| Other current payables | 232,753 | 234,463 |
| Employee benefits | 157,550 | 162,460 |
| | 620,929 | 568,951 |
| NON-CURRENT | | |
| Deferred income | 24,776 | 23,123 |
| | 24,776 | 23,123 |
| Trade and other payables | | |
| - Total current | 620,929 | 568,951 |
| - Total non-current | 24,776 | 23,123 |
| | 645,705 | 592,074 |
| Less deferred income | (41,612) | (38,358) |
| Less employee benefits | (157,550) | (162,460) |
| Financial liabilities as trade and other payables | 446,543 | 391,256 |

## NOTE 14: BORROWINGS

| | | |
|---|---|---|
| CURRENT | | |
| Bank loan | 3,800,000 | 3,970,000 |
| | 3,800,000 | 3,970,000 |

The bank loan is secured by a first registered mortgage over the non residential real property located at 43, 43a, 41 The Boulevarde TORONTO NSW 2283 and 70 Victory Parade TORONTO NSW 2283 and a registered company charge over the Club's assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

**NOTE 15: TAX**

| | 2017 | 2016 |
|---|---|---|
| a. **Assets** | $ | $ |
| CURRENT | | |
| Income tax refundable | 65,771 | 139,479 |
| | 65,771 | 139,479 |

| NON-CURRENT Deferred tax asset | Opening Balance | Charged to Income | Change to Tax Rate | Closing Balance |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2016** | | | | |
| Employee provisions | 16,285 | 451 | - | 16,736 |
| Accruals | 12,416 | (1,796) | - | 10,620 |
| Development | 186,869 | (4,816) | - | 182,053 |
| Carried forward tax losses | 88,306 | (8,929) | - | 79,377 |
| Carrying amount at end of year | 303,876 | (15,090) | - | 288,786 |
| **2017** | | | | |
| Employee provisions | 16,736 | 1,353 | (1,395) | 16,694 |
| Accruals | 10,620 | (499) | (886) | 9,235 |
| Development | 182,053 | (4,415) | (15,171) | 162,467 |
| Carried forward tax losses | 79,377 | (84,315) | 6,680 | 1,742 |
| Carrying amount at end of year | 288,786 | (87,876) | (10,772) | 190,138 |

b. **Liabilities**

| NON-CURRENT Deferred tax liability | Opening Balance | Charged to Income | Change to Tax Rate | Closing Balance |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2016** | | | | |
| Capitalised interest | 52,802 | (1,363) | - | 51,439 |
| Lease preparation | 26,202 | (5,697) | - | 20,505 |
| Lease incentives | 55,531 | (12,575) | - | 42,956 |
| Accrued interest | 7,171 | (4,548) | - | 2,623 |
| Other | 1,929 | 1,541 | - | 3,470 |
| Carrying amount at end of year | 143,635 | (22,642) | - | 120,993 |
| **2017** | | | | |
| Capitalised interest | 51,439 | (1,249) | (4,286) | 45,904 |
| Lease preparation | 20,505 | (3,326) | (1,709) | 15,470 |
| Lease incentives | 42,956 | (10,436) | (3,579) | 28,941 |
| Accrued interest | 2,623 | 590 | (218) | 2,995 |
| Other | 3,470 | 1,412 | (291) | 4,591 |
| Carrying amount at end of year | 120,993 | (13,009) | (10,083) | 97,901 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 16: PROVISIONS

| | Long Term Employee Benefits |
|---|---|
| | $ |
| Opening balance at 1 January 2017 | 131,163 |
| Movement in provision during the year | 30,798 |
| Balance at 31 December 2017 | 161,961 |

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Analysis of Total Provisions** | | |
| Current | 140,372 | 91,306 |
| Non-Current | 21,589 | 39,857 |
| | 161,961 | 131,163 |

**Provision for Long-term Employee Benefits**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 in this report.

## NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

| | | |
|---|---|---|
| Key management personnel compensation | 208,948 | 195,895 |
| Total key management personnel compensation | 208,948 | 195,895 |

## NOTE 18: RELATED PARTY TRANSACTIONS

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

— During the year there were no related party transactions

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks, accounts receivable and payable, loans and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

| | | | |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and cash equivalents | 5 | 1,537,140 | 876,742 |
| Loans and receivables | 6 | - | 2,204 |
| Held-to-maturity investments | 8 | 2,159,278 | 1,615,037 |
| Available-for-sale assets | 8 | 1,332 | 1,102 |
| | | 3,697,750 | 2,495,085 |
| **Financial Liabilities** | | | |
| Financial liabilities at amortised cost | | | |
| - Trade and other payables | 13 | 446,543 | 391,256 |
| - Borrowings | 14 | 3,800,000 | 3,970,000 |
| | | 4,246,543 | 4,361,256 |

## TORONTO RSL MEMORIAL CLUB LIMITED

## ABN 77 001 068 079

## DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 27, 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 2017 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 .....

Ron Mitcherson

Director .....

Peter Keane JP

Dated this ..... day of ..... 2018

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# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TORONTO RSL MEMORIAL CLUB LIMITED ABN 77 001 068 079

***Opinion***

We have audited the financial report of Toronto RSL Memorial Club Limited, which comprises the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

In our opinion, the accompanying financial report of Toronto RSL Memorial Club Limited, is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the entity's financial position as at 31 December 2017 and of its financial performance for the year then ended; and

b. 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 entity 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 entity, 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.

***Information Other than the Financial Report and the Auditor's Report Thereon***

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, 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.


Liability limited by a scheme approved under Professional Standards Legislation.

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# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TORONTO RSL MEMORIAL CLUB LIMITED ABN 77 001 068 079

***Responsibilities of the Directors***

The directors of the entity 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 entity'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 entity 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.

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

This description forms part of our auditor's report.

EVOLUTION AUDIT PTY LTD

Unit 1, Building 2, 335 Hillsborough Road
WARNERS BAY NSW 2282

Director: Craig Bartlett

Date: 19 MARCH 2018