

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Financial Statements

For the Year Ended 31 December 2018

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

For the year ended 31 December 2018

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John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Directors' Report

For the year ended 31 December 2018

The directors present their report, together with the financial statements, on John Edmondson V.C. Memorial Club Limited (the company) for the year ended 31 December 2018.

General information

Directors

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

Names	Qualifications
Mr Thomas Jones (President) - (deceased)	Retired
Mr Dallas Stewart (Deputy President)	Retired
Mr Brian McCormack	Retired
Mr Mario Valenti	Tailor
Mr Richard Losiak	Dental Technician
Mr Tony Hogan	Entertainer
Mr Geoffrey Craig (elected April 2018)	Sales Representative

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 John Edmondson V.C. Memorial Club Limited during the financial year was the operation of a licensed club for the benefit of its members and their guests.

How the club measures its performance

The club measures its performance based on:

- a) the number of members and guests that the club has attracted in the year.
- b) on the level of surplus generated by each of its key operation systems which enables funds to be available for meeting the objectives.

Operating Results

The profit of John Edmondson V.C. Memorial Club Limited after providing for income tax amounted to \$860,371 (2017: profit \$552,514).

John Edmondson V.C. Memorial Club Limited

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Directors' Report

For the year ended 31 December 2018

Members Guarantee

The club has varying classes of membership as set out below. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$1 each towards any outstanding obligations of the company. At 31 December 2018 the number of members was 8,223 (2017: 8,265).

Details of members

Each class of membership in the company:

Class	Number		Liability of members on a wind up	
	2018	2017	2018	2017
Service members	274	296	\$274	\$296
Associate members	7,948	7,967	\$7,948	\$7,967
Honorary Life members	1	2	\$1	\$2
Total	8,223	8,265	\$8,223	\$8,265

Short and long term objectives of the Club

The club's objectives are to focus on:

1. The development and delivery of premium club facilities and services to its members and guests, and;
2. The promotion of the social welfare of its members and community sports and recreational organisations.

Strategy for achieving those objectives

The strategy for the achieving the objectives has been to:

1. Update the premise to reflect the quality of appearance of the club;
2. Update and expand car parking facilities of the club;
3. Constantly monitor and improve the services of the bar, restaurants, bistro areas, and;
4. Attract quality entertainment to the venue at reasonable prices.

How those activities assisted in achieving the club's objectives

The surpluses of the club after meeting the needs of the debt reduction program have been employed to enhancing the abovementioned facilities and the provision of donations to the local sporting and community support organisations, public schools and other charitable associations.

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Directors' Report

For the year ended 31 December 2018

Meetings of Directors

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

	Directors' Meetings		Special Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended
Mr T Jones (deceased)	12	8	1	1
Mr D Stewart	12	12	1	1
Mr B McCormack	12	11	1	0
Mr M Valenti	12	10	1	1
Mr R Losiak	12	11	1	1
Mr T Hogan	12	12	1	1
Mr G Craig	11	10	1	0

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 4.

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

Director: 

Director: 

Dated this 19th day of February 2019

Auditor's Independence Declaration

To the Directors of John Edmondson V.C. Memorial Club Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of John Edmondson V.C. Memorial Club Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



James Winter
Partner – Audit & Assurance

Sydney, 19 February 2019

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John Edmondson V.C. Memorial Club Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue from sale of goods		1,781,855	1,921,579
Revenue from rendering of services		13,917,262	13,680,973
Other income		440,125	278,674
Total Revenue	2	16,139,242	15,881,226
Depreciation, amortisation and impairments		(1,907,378)	(1,881,538)
Bar and catering expenses		(807,385)	(859,562)
Administrative expenses		(2,573,213)	(2,440,013)
Gaming expenses		(1,386,379)	(1,282,237)
Gaming tax expenses		(3,168,508)	(3,099,741)
Employment expenses		(4,534,692)	(4,887,177)
Director honorarium and expenses		(59,616)	(53,546)
Other expenses	3	(830,067)	(824,898)
Total Expenses		(15,267,238)	(15,328,712)
Surplus before income taxes		872,004	552,514
Income tax expense	4	(11,633)	-
Surplus after income taxes		860,371	552,514
Other comprehensive income		-	-
Total comprehensive income for the year		860,371	552,514

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

John Edmondson V.C. Memorial Club Limited

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Statement of Financial Position

As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	10,462,123	11,692,612
Inventories	6	56,499	92,982
Other current assets	7	116,548	135,796
Total current assets		10,635,170	11,921,390
Non-current assets			
Property, plant and equipment	8	33,389,486	31,170,410
Intangible assets	9	549,427	549,427
Other non-current assets	7	6,305	6,305
Total non-current assets		33,945,218	31,726,142
TOTAL ASSETS		44,580,388	43,647,532
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,526,935	1,352,773
Short-term provisions	11	658,499	776,471
Total current liabilities		2,185,434	2,129,244
Non-current liabilities			
Other long-term provisions	11	72,271	55,976
Total non-current liabilities		72,271	55,976
TOTAL LIABILITIES		2,257,705	2,185,220
NET ASSETS		42,322,683	41,462,312
FUNDS			
Accumulated funds		42,322,683	41,462,312
TOTAL FUNDS		42,322,683	41,462,312

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

John Edmondson V.C. Memorial Club Limited

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Statement of Changes in Funds

For the Year Ended 31 December 2018

2018

	Accumulated Funds	Total
	\$	\$
Balance at 1 January 2018	41,462,312	41,462,312
Net Surplus	860,371	860,371
Other Comprehensive Income	-	-
Balance at 31 December 2018	42,322,683	42,322,683

2017

	Accumulated Funds	Total
	\$	\$
Balance at 1 January 2017	40,909,798	40,909,798
Net Surplus	552,514	552,514
Other Comprehensive Income	-	-
Balance at 31 December 2017	41,462,312	41,462,312

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

John Edmondson V.C. Memorial Club Limited

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Statement of Cashflows

For the Year Ended 31 December 2018

	Note	2018 \$	2017 \$
Cash from operating activities:			
Receipts from members and patrons		17,390,100	17,272,004
Payments to suppliers and employees		(14,812,562)	(14,796,558)
Dividends received		504	282
Interest received		229,573	204,269
Income tax paid		(11,633)	-
Net cash provided by operating activities		2,795,982	2,679,997
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		423,573	54,920
Acquisition of property, plant and equipment		(4,450,044)	(524,465)
Net cash used in investing activities		(4,026,471)	(469,545)
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash held		(1,230,489)	2,210,452
Cash at beginning of financial year		11,692,612	9,482,160
Cash at end of financial year	5	10,462,123	11,692,612

The above Statement of Cashflows should be read in conjunction with the accompanying notes

John Edmondson V.C. Memorial Club Limited

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Notes to the Financial Statements

For the year ended 31 December 2018

1 Statement of Significant Accounting Policies

(a) General information

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements were authorised for issuance in accordance with a resolution of the Directors on 19 February 2019.

John Edmondson V.C. Memorial Club Limited is a company limited by guarantee established and domiciled in Australia.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, for certain financial instruments which are recognised at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The Income Tax Assessment Act provides that the company is liable for tax only on non-member income and income tax expense has been provided for as calculated by this special formula.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned using the first in first out basis.

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Notes to the Financial Statements

For the year ended 31 December 2018

1 Statement of Significant Accounting Policies

(d) Property, Plant and Equipment

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the club commencing from the time the asset is held ready for use.

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

Buildings	40 years - Straight Line
Plant and Equipment	2.5-11 years - Straight Line
Poker Machines	3.7-5 years - Straight Line
Motor Vehicles	3-8 years - Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(e) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in the profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the future economic benefits of all of the Company's assets (other than poker machines and related equipment) are not primarily dependent upon their ability to operate net cash inflows and if deprived of the asset, the Company would replace the asset's remaining future economic benefits, "value in use" is determined as the depreciated replacement cost of the asset, rather than by using discounted cash flows.

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

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Notes to the Financial Statements

For the year ended 31 December 2018

1 Statement of Significant Accounting Policies

(f) Intangible Assets

Poker machine licenses

Intangible assets represent poker machine licenses. These assets are carried at cost and are not amortised because they have indefinite useful lives. The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment. The carrying value of poker machine licenses is reviewed annually for impairment.

(g) Employee Benefits

Provision is made for the club's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Expected future cash flows have been discounted using notional government bond rates at balance sheet date with terms to maturity that match as closely as possible the estimated future cash outflows.

Contributions are made by the club to an employee superannuation fund and are charged as expenses when incurred.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the club assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

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Notes to the Financial Statements

For the year ended 31 December 2018

1 Statement of Significant Accounting Policies

(i) 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.

(j) Revenue

Revenue is recognised at the fair value of consideration received or receivable, net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised. Revenue from gaming, beverages, together with other services to members and their guests is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are passed to the buyer when goods have been delivered to the customer.

Revenue from gaming together with other services to members and other patrons, are recognised when services are provided.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Other revenue is recognised when the right to receive the revenue has been established.

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

(k) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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Notes to the Financial Statements

For the year ended 31 December 2018

1 Statement of Significant Accounting Policies

(l) Comparative Figures

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

(m) Provisions

Provisions are recognised when the club 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.

(n) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant estimates and judgments incorporated into the financial statements.

(o) Trade payables

Trade and other payables represent liabilities for goods and services provided to the club prior to the year end and which are unpaid. These amounts are unsecured and have up to 14 day payment terms.

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Notes to the Financial Statements

For the year ended 31 December 2018

2 Revenue

	2018	2017
	\$	\$
- Bar, catering and other sale of goods	1,781,855	1,921,579
- Tab, keno and other commissions	92,886	82,090
- Dividends	504	282
- Interest	229,573	204,269
- Member subscriptions	23,176	34,285
- Poker machine receipts	13,894,086	13,646,688
- Net gain/(loss) on disposal of non-current assets	99,982	(25,147)
- Other revenue	17,180	17,180
Total Revenue	16,139,242	15,881,226

3 Results for the year

The results for the year have been arrived at after crediting the following items:

(a) Expenses

	2018	2017
	\$	\$
Defined contribution superannuation expense	368,118	373,075

(b) Other Expenses

Finance Costs	-	-
Marketing expenses	97,934	95,382
Club groups and entertainment expenses	433,184	447,028
Other expenses	298,949	282,488
Total Other Expenses	830,067	824,898

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Notes to the Financial Statements

For the year ended 31 December 2018

4 Income Tax Expense

(a) The components of tax expense/(income) comprise:

	2018	2017
	\$	\$
Current tax	11,633	-
Prior year under provision	-	-
	<u>11,633</u>	<u>-</u>

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2018	2017
	\$	\$
Ordinary activities before income tax - Prima facie tax payable on profit at 27.5% (2017: 30%)	239,800	165,754
Add:		
Tax effect of:		
- other non-allowable items	11,633	11,445
	<u>251,433</u>	<u>177,199</u>
Less:		
Tax effect of:		
- net income attributable to members	(322,042)	(273,629)
- Future income tax benefit on tax losses not brought to account	82,242	96,430
Income tax attributable to entity	<u>11,633</u>	<u>-</u>

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Notes to the Financial Statements

For the year ended 31 December 2018

5 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash on hand	529,990	599,990
Cash at bank	1,864,499	4,212,800
Short term deposits	8,067,634	6,879,822
	10,462,123	11,692,612

6 Inventories

	2018	2017
	\$	\$
CURRENT		
At Cost		
Bar stock	41,287	75,114
Kitchen & Coffee Shop	15,212	17,868
	56,499	92,982

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Notes to the Financial Statements

For the year ended 31 December 2018

7 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	76,993	110,144
Other current assets	39,555	25,652
	116,548	135,796
NON-CURRENT		
Other non-current assets	6,305	6,305
	6,305	6,305

John Edmondson V.C. Memorial Club Limited

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Notes to the Financial Statements

For the year ended 31 December 2018

8 Property Plant and Equipment

	2018	2017
	\$	\$
LAND AND BUILDINGS		
Freehold land		
George Street, Liverpool - at cost	1,068,131	1,068,131
Macquarie Street, Liverpool - at cost	2,128,101	2,128,101
Total freehold land	3,196,232	3,196,232
Buildings		
George Street, Liverpool - at cost	35,045,490	34,978,679
Macquarie Street, Liverpool - at cost	3,842,692	3,842,692
Less accumulated depreciation	(13,979,114)	(13,005,276)
Total buildings	24,909,068	25,816,095
Buildings under construction	2,846,445	132,037
Total land and buildings	30,951,745	29,144,364
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	8,626,733	8,444,849
Less accumulated depreciation	(7,459,722)	(7,361,115)
Total plant and equipment	1,167,011	1,083,734
Motor vehicles		
At cost	132,055	142,348
Less accumulated depreciation	(26,728)	(38,724)
Total motor vehicles	105,327	103,624
Poker machines		
At cost	6,031,635	5,953,049
Less accumulated depreciation	(4,866,232)	(5,114,361)
Total poker machines	1,165,403	838,688
Total plant and equipment	2,437,741	2,026,046
Total property, plant and equipment	33,389,486	31,170,410

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Notes to the Financial Statements

For the year ended 31 December 2018

8 Property Plant and Equipment

(a) Movements in Carrying Amounts

	Land	Buildings	Buildings under construction	Plant and Equipment	Motor Vehicles	Poker Machines	Poker Machines under Hire Purchase	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Current Year								
Balance at the beginning of year	3,196,232	25,816,095	132,037	1,083,734	103,624	838,688	-	31,170,410
Additions	-	50,561	2,730,658	745,522	91,892	831,411	-	4,450,044
Disposals	-	-	-	(563,638)	(102,185)	(752,825)	-	(1,418,648)
Transfers	-	16,250	(16,250)	-	-	-	-	-
Depreciation	-	(973,838)	-	(98,607)	11,996	248,129	-	(812,320)
Carrying amount at the end of year	3,196,232	24,909,068	2,846,445	1,167,011	105,327	1,165,403	-	33,389,486
Prior Year								
Balance at the beginning of year	3,196,232	26,420,769	452,900	1,455,767	202,238	879,644	-	32,607,550
Additions	-	19,387	27,736	64,607	-	412,735	-	524,465
Disposals	-	-	-	(30,662)	(131,249)	(499,106)	-	(661,017)
Transfers	-	348,599	(348,599)	-	-	-	-	-
Depreciation	-	(972,660)	-	(405,978)	32,635	45,415	-	(1,300,588)
Carrying amount at the end of year	3,196,232	25,816,095	132,037	1,083,734	103,624	838,688	-	31,170,410

John Edmondson V.C. Memorial Club Limited

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Notes to the Financial Statements

For the year ended 31 December 2018

9 Intangible Assets

	2018	2017
	\$	\$
Poker machines licenses		
Cost	549,427	549,427
Net carrying amount	549,427	549,427
Total Intangibles	549,427	549,427

10 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	1,298	1,298
Accrued employee entitlements	591,739	591,491
Sundry payables and accrued expenses	933,898	759,984
	1,526,935	1,352,773

11 Provisions

	2018	2017
	\$	\$
CURRENT		
Employee benefits	618,147	758,099
Jackpot provisions	40,352	18,372
	658,499	776,471
NON-CURRENT		
Employee benefits	72,271	55,976
	72,271	55,976

12 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the constitution states that each member is to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 31 December 2018 the number of financial members totalled \$8,223 (2017: \$8,265).

John Edmondson V.C. Memorial Club Limited

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Notes to the Financial Statements

For the year ended 31 December 2018

13 Capital and Leasing Commitments

Capital commitments in respect of the property improvements at year end approximate \$2m.

14 Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key Management Persons (KMP) have been taken to comprise the directors and the members of the executive management responsible for the day to day financial and operational management of the club. Directors who acted for the club during the financial year are listed in the directors' report.

The aggregate Compensation of Key Management Persons including non-monetary benefits, post-employment and other long term benefits paid or payable or provided for was as follows:

	2018	2017
	\$	\$
Directors	33,870	33,620
Key management personnel (other than directors)	441,244	502,589
Total compensation	475,114	536,209

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Notes to the Financial Statements

For the year ended 31 December 2018

15 Other Related Party Transactions

In addition to the above, the Club has agreed to meet costs up to:

- \$20,000 in total per annum in relation to the Directors, to assist them in the carrying out of their duties including: telephone costs, uniforms and parking;
- \$75,000 in total per annum in relation to the Directors' professional development and education;
- \$145,000 in total per annum in relation to the food, travel and entertainment related to Directors' other duties.

In 2018 John Edmondson V.C. Memorial Club purchased tailoring services from Director, Mario Valenti, and entertainment from Tony Hogan.

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

	2018	2017
	\$	\$
Transactions		
Tailoring services	909	418
Entertainment	44,900	50,800
Total	45,809	51,218

16 Subsequent Events

Nil.

17 Club Details

(a) Registered office

The registered office of the club is:
John Edmondson V.C. Memorial Club Limited
185 George Street
Liverpool NSW 2170

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Directors' Declaration

The directors of the club declare that:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; 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 club.
2. In the directors' opinion, there are reasonable grounds to believe that the club 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:  _____

Director:  _____

Dated this 19th day of February 2019

Independent Auditor's Report

To the Members of John Edmondson V.C. Memorial Club Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of John Edmondson V.C. Memorial Club Limited (the "Company"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in funds and 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:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
- 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual 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.

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 the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

We communicate with those charged with governance 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance
Sydney, 19 February 2019

Disclaimer for the year ended 31 December 2018

To the Directors of John Edmondson V.C. Memorial Club Limited

The additional financial data presented on page 28 to 34 is in accordance with the additional financial data presented on is in accordance with the books and records of the club which have been subjected to the auditing procedures applied in our statutory audit of the club 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 John Edmondson V.C. Memorial Club Limited) in respect of such data, including any errors or omissions therein however caused.



Grant Thornton Audit Pty Ltd
Chartered Accountants



James Winter
Partner – Audit & Assurance

Sydney, 19 February 2019

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

BAR TRADING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
SALES	871,450	871,490
LESS: COST OF GOODS SOLD		
Opening Stock	75,114	85,326
Purchases	346,102	339,307
	421,216	424,633
Less: Closing stock	41,287	75,114
	379,929	349,519
GROSS PROFIT	491,521	521,971
LESS : DIRECT EXPENSES		
Bar Promotions	-	-
Stocktake fees	9,600	9,600
Wages	547,850	500,868
	557,450	510,468
NET INCOME after direct expenses	(65,929)	11,503

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

CATERING TRADING ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
SALES	910,406	1,050,090
LESS : COST OF GOODS SOLD		
Opening Stock	17,868	11,499
Purchases	415,203	506,812
	433,071	518,311
Less : Closing Stock	15,212	17,868
	417,859	500,443
GROSS PROFIT	492,547	549,647
LESS : DIRECT EXPENSES		
Wages	642,922	799,275
NET INCOME/(LOSS) after direct expenses	(150,375)	(249,628)

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

POKER MACHINE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NET RECEIPTS	13,894,085	13,646,688
LESS : DIRECT EXPENSES		
Machines tax	3,168,508	3,099,741
Promotions and other direct expenses	1,145,367	1,101,699
Repairs & maintenance	232,661	171,338
Wages	789,948	783,344
	5,336,484	5,156,122
NET INCOME after direct expenses	8,557,601	8,490,566

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

TAB TRADING ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
INCOME		
Commission received	17,291	11,445
	<hr/>	
LESS : EXPENSES		
Wages	23,151	22,363
Other direct expenses	(238)	(950)
	<hr/>	
	22,913	21,413
	<hr/>	
NET INCOME/(LOSS)	(5,622)	(9,968)
	<hr/> <hr/>	

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

KENO TRADING ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
INCOME		
Commission received	73,338	68,240
LESS : EXPENSES		
Wages	39,302	37,697
Other Costs	8,319	10,150
	<hr/> 47,621	<hr/> 47,847
NET INCOME/(LOSS)	<hr/> 25,717	<hr/> 20,393
	<hr/> <hr/>	<hr/> <hr/>

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
NET INCOME		
Poker machine revenue	8,557,601	8,490,566
Bar trading	(65,929)	11,502
Catering trading	(150,375)	(249,628)
Commission received & other income	2,257	2,405
Keno trading	25,717	20,393
Dividends received	504	282
Subscriptions received	23,176	34,285
TAB trading account – loss	(5,622)	(9,968)
Sundry income	17,180	17,180
Profit/(loss) on disposal of non-current assets	99,982	(25,147)
	8,504,491	8,291,870
LESS : OPERATING CHARGES		
Advertising	125,639	123,537
Audit, consultancy and accountancy fees	73,728	102,282
Bank charges	11,551	11,434
Cleaning and laundry	400,321	398,568
Club functions, artists & bands	369,044	389,093
Depreciation	1,907,378	1,881,538
Directors expenses	12,741	11,846
Donations	267,966	260,044
Entertainment	106,804	99,236
Fringe benefits tax	7,302	21,232
Games	17,407	19,547
Gas & electricity	374,552	374,118
Insurance	220,484	150,189
Legal expenses	1,559	9,253
Members transport	142,660	142,035
Motor vehicle expenses	27,657	19,588
Payroll tax	198,836	207,478
Postage	8,933	8,815
Printing and stationery	34,615	39,260
Property taxes	136,838	139,892
Repairs & maintenance - general	540,260	504,109

John Edmondson V.C. Memorial Club Limited

ABN: 59 112 321 445

Schedules

For the year ended 31 December 2018

	2018	2017
	\$	\$
Replacements	42,635	35,935
Security services	349,265	299,307
Staff training, meals, drinks & amenities	108,651	142,497
Subscriptions and licences	98,588	89,811
Superannuation	368,118	373,075
Telephone	35,331	39,504
Uniforms & clothing	22,516	10,817
Waste disposal	33,938	28,178
Wages & entitlements	1,816,743	2,011,407
TOTAL CHARGES	<u>7,862,060</u>	<u>7,943,625</u>
OPERATING PROFIT PRIOR TO INVESTMENT INCOME AND BEFORE INCOME TAX	642,431	348,245
ADD : INVESTMENT INCOME Interest received	229,573	204,269
OPERATING PROFIT BEFORE INCOME TAX	<u>872,004</u>	<u>552,514</u>