

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

**Financial Report**

**For The Year Ended**  
**31 December 2018**

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**  
**(A Company Limited By Guarantee)**

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**Financial Report**  
**For The Year Ended 31 December 2018**

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**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Directors' Report**

The directors of Gosford RSL Club Limited present their report together with the financial report of the company for the year ended 31 December 2018 and the auditor's report thereon.

**Directors**

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

<b>Name</b>	<b>Qualifications</b>
GR Young JP	President. Appointed 10 April 2017. Retired. Director from 5 September 2000, Vice President from 25 March 2001 to 15 April 2013, President from 15 April 2013 to 18 May 2015, Director from 18 May 2015 to 10 April 2017.
PL Edwards JP	Vice President. Appointed 16 April 2018. Endorsed Enrolled Nurse. Director from 21 April 2002, Vice President from 15 April 2013 to 10 April 2017, Director from 10 April 2017 to 16 April 2018.
KJ Spencer OAM	Director. Appointed 16 April 2018. Retired Contract Electrician. Director from 13 April 2003, Vice President from 20 March 2007 to 16 April 2018.
CR Chiofalo	Director. Appointed 18 May 2015. Retired Telecommunications Supervisor.
RW Miller JP	Director. Appointed 10 April 2017. Retired Small Business Manager. Director from 15 April 2013 to 18 May 2015.
CL Rennie JP	Director. Appointed 10 April 2017. Business Manager. Director from 1 May 2012 to 18 May 2015.
CJ Hobson	Director. Appointed 10 April 2017. Retired Small Business Manager.

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

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Directors' Report**

**Directors' Meetings**

The number of directors' meetings held and the number of meetings attended by each of the directors of the company during the financial year are:

	<b>Board Meetings</b>	
	<b>Number Attended</b>	<b>Number Held</b>
GR Young	16	16
PL Edwards	14	16
KJ Spencer	16	16
CR Chiofalo	16	16
RW Miller	16	16
CL Rennie	15	16
CJ Hobson	16	16

**Membership**

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2018 was 27,283 (2017: 25,894).

**Operating Result**

The net profit for the year before income tax amounted to \$2,604,817 compared with a net profit of \$2,695,428 for the prior year. This resulted after charging \$2,289,231 (2017: \$2,318,055) for amortisation and depreciation.

**Objectives**

**Short Term**

The Club's short term objectives are to:

- Provide a high standard of facilities and services that meet the diverse needs of members and guests;
- Connect with the local community through ongoing support of sporting groups, youth development and disadvantaged segments of the community;
- Continue to focus on our employer of choice philosophy; and
- Continue to promote the objects of the Returned and Services League of Australia.
- Provide Responsible Service of Alcohol (RSA) and Responsible Conduct of Gaming (RCG).

**Gosford RSL Club Limited**  
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**Directors' Report**

**Long term**

The Club's long term objectives are to:

- Develop a strong, positive brand image amongst members and the local community;
- Develop long term commercial and community partnerships;
- Invest in a long term sustainable model for the club; and
- Continue to promote the objects of the Returned and Services League of Australia.

**Strategy for achieving the objectives**

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

- Effective short and long term strategy mapping including the development of employee, customer, community and financial objectives and key performance indicators (KPIs);
- Implementing relevant operational KPIs and controls that provide timely measurement of the Club's ongoing financial and operational performance;
- Continuous reviewing of KPIs and taking corrective action when required;
- Develop and implement a suitable investment policy, reviewed and updated annually;
- Continuing Professional Development and training for Directors;
- Develop, implement and review operational business plans that match key outcomes contained in the strategy map; and
- Develop a long term master plan, revised annually to assist in the development and implementation of appropriate capital investment.

**Risk Management Processes**

The Club manages its risks by adhering to a yearly program that is overseen by the Audit and Compliance Committee. The Club adheres to a comprehensive risk management plan, which was developed in 2016 and is reviewed annually.

**Principal Activities**

The principal activities of the Company were the operation of a licensed club and two motels. There was no change in the principal activities during the financial year.

**Gosford RSL Club Limited**  
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**Directors' Report**

**Liability of members on winding up**

The Company is incorporated and domiciled in Australia as a company limited by guarantee. In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the Company during the time that he/she is a member or within one year thereafter. At 31 December 2018 there were 27,283 members.

**Proceedings on behalf of the company**

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purposes of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

**Environmental Issues**

The directors believe the company has complied with all significant environmental regulations under the Law of the Commonwealth or of a State or Territory.

**Indemnifying officer or auditor**

During the year, the Company effected a Directors' and Officer's liability policy. The insurance policy provides cover for the Directors named in this report, the company secretary, officers and former Directors and Officers of the Company. The policy prohibits the disclosure of the nature of the indemnification and the insurance cover, and the amount of the premium.

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

**Significant Changes in the Year**

No significant changes in the company's state of affairs occurred during the financial year.

**After balance date events**

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

**Gosford RSL Club Limited**  
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**Directors' Report**

**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 on page 8.

Signed in accordance with a resolution of the directors.

Dated at Gosford this 25th day of February, 2019

**G R Young**  
Director

**P L Edwards**  
Director

**INDEPENDENT AUDITOR'S DECLARATION  
TO THE MEMBERS OF GOSFORD RSL CLUB LIMITED**

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

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

**Name of Firm:** Bishop Collins Audit Pty Ltd  
Chartered Accountants

**Name of Registered Company Auditor** .....  
Martin Le Marchant

**Auditor's Registration No.** 431227

**Address:** Unit 1, 1 Pioneer Ave, Tuggerah NSW 2259

**Dated** 25 February 2019



**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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

	Note	2018 \$	2017 \$
<b>Revenue and income from continuing operations</b>			
Rendering of services revenue		15,833,658	14,360,163
Sale of goods revenue		6,779,926	6,589,257
Other income		944,886	873,483
	4	23,558,470	21,822,903
<b>Expenses</b>			
Cost of goods sold	5	(2,398,176)	(2,327,799)
Employee benefits expense		(8,133,503)	(7,429,556)
Poker machine licences & taxes and donations		(3,212,268)	(2,828,698)
Entertainment, marketing and promotions		(1,897,657)	(1,658,939)
Occupancy and property costs		(705,857)	(532,893)
Motel costs		(630,079)	(608,502)
Other expenses from operating activities		(1,445,601)	(1,418,904)
Impairment Expenses		(239,451)	-
Amortisation and Depreciation	5	(2,289,231)	(2,318,055)
Finance costs	5	(1,830)	(4,129)
Profit/(Loss) before income tax expense		2,604,817	2,695,428
Income tax (expense) benefit	6	(1,354,789)	-
<b>Net Profit/(Loss) after income tax</b>		1,250,028	2,695,428
Other comprehensive income		7,275,793	-
<b>Total comprehensive income for the year</b>		8,525,821	2,695,428

The accompanying notes form part of these financial statements.

**Gosford RSL Club Limited**  
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**Statement of Financial Position**  
**as at 31 December 2018**

	Note	2018 \$	Restated 2017 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	5,933,187	3,359,877
Trade and Other Receivables	9	91,293	87,086
Inventories	10	199,193	167,930
Other Assets	11	137,921	103,310
<b>Total Current Assets</b>		6,361,594	3,718,203
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	30,691,301	23,461,905
Financial Assets	12	3,047,709	3,023,268
Deferred Tax Assets	17	74,824	1,230,978
Intangible Assets	14	914,173	764,173
<b>Total Non-Current Assets</b>		34,728,007	28,480,324
<b>Total Assets</b>		41,089,601	32,198,527
<b>Current Liabilities</b>			
Trade and Other Payables	15	1,612,223	1,266,998
Borrowings	16	149,269	149,269
Provision for Income Tax	17	171,993	-
Employee Benefits	18	839,067	862,278
<b>Total Current Liabilities</b>		2,772,552	2,278,545
<b>Non-Current Liabilities</b>			
Borrowings	16	74,634	223,903
Employee Benefits	18	133,382	112,867
<b>Total Non-Current Liabilities</b>		208,016	336,770
<b>Total Liabilities</b>		2,980,568	2,615,315
<b>Net Assets</b>		38,109,033	29,583,212

The accompanying notes form part of these financial statements.

**Gosford RSL Club Limited**  
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**Statement of Financial Position**  
**as at 31 December 2018**

	Note	2018 \$	Restated 2017 \$
<b>Members' Funds</b>			
Asset Revaluation Reserve		17,278,901	10,003,108
Retained Earnings		20,830,132	19,580,104
<b>Total Members' Funds</b>		<u>38,109,033</u>	<u>29,583,212</u>

The accompanying notes form part of these financial statements.

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Statement of Changes in Members' Funds**  
**For The Year Ended 31 December 2018**

	Note	Revaluation Reserves \$	Retained Earnings \$	Total \$
Balance 1 January 2017		10,003,108	18,038,982	28,042,090
Prior period restatement	3	-	(1,154,306)	(1,154,306)
Profit for Year		-	2,695,428	2,695,428
Balance 31 December 2017		10,003,108	19,580,104	29,583,212
Profit for Year		-	1,250,028	1,250,028
Revaluation Reserve Increments		7,275,793	-	7,275,793
Balance 31 December 2018		17,278,901	20,830,132	38,109,033

The accompanying notes form part of these financial statements.

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Statement of Cash Flows**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash flows from Operating Activities		
Receipts from trading	25,567,144	23,839,686
Other receipts from members and customers		
Payments to suppliers and employees	(20,408,425)	(18,951,372)
Interest and other costs of finance paid	(1,830)	(4,129)
Interest received	82,177	60,369
	<hr/>	<hr/>
Net cash provided by (used in) operating activities (refer note (19a))	5,239,066	4,944,554
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Purchases of property, plant & equipment		
- Land & Buildings	(512,184)	(153,467)
- General plant	(704,790)	(518,082)
- Poker machines	(1,102,523)	(1,164,368)
- Intangibles	(150,000)	-
Proceeds from the sale of property, plant & equipment	203,010	152,297
Payments for investments	(250,000)	(3,000,000)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(2,516,487)	(4,683,620)
	<hr/>	<hr/>
Cash Flows from Financing Activities		
Funds from borrowings	-	447,806
Repayments of borrowings	(149,269)	(107,379)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	(149,269)	340,427
	<hr/>	<hr/>
Net increase/(decrease) in cash held	2,573,310	601,361
Cash at 1 January	3,359,877	2,758,516
	<hr/>	<hr/>
Cash at 31 December	5,933,187	3,359,877
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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

This financial report is for Gosford RSL Club Limited as an individual entity, incorporated and domiciled in Australia. Gosford RSL Club Limited is a company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2019. The directors have the power to amend and reissue the financial statements.

**Note 1. Summary of Significant Accounting Policies**

**Basis of Preparation**

Gosford RSL Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

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.

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 these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

The financial statements 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.

**New, revised or amending Accounting Standards and Interpretations adopted**

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

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

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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**Accounting Policies**

**(a) 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 substantially enacted by the balance date and adjusted to take into account the principal of mutuality.

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

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

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

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

**(b) Inventories**

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

**(c) Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**Gosford RSL Club Limited**  
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**Notes to the Financial Statements**  
**For The Year Ended 31 December 2018**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**(d) Property, Plant and Equipment**

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

All fixed assets excluding freehold land are depreciated on a straight line basis over the useful life of the asset. The depreciation rates used for each class of depreciable asset are:

- Buildings – 2.5% to 20%
- Plant & Equipment – 10% to 33%
- Poker Machines – 20% to 50%

**Property**

Freehold land is measured by independent valuation. Buildings are measured by independent valuation less depreciation and impairment losses. A valuation was conducted during 2018 by an independent Registered Valuer and the values were adopted in this Financial Report. Valuations will occur on a regular basis in accordance with AASB116.

**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.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour and borrowing costs. 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An asset's 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 and losses are included in the income statement.



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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**(e) 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 classified as finance leases.

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

**(f) Financial Instruments**

**Recognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

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

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial liabilities**

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

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other bank accounts and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(h) Employee Benefits**

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**(i) Comparative Figures**

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

**(j) Members' Subscriptions**

Members' subscriptions received in advance are amounts received from members in respect of subscriptions for 2018, and subsequent years, and are shown in the balance sheet as subscriptions in advance.

**(k) Limitation of Members' Liability**

In accordance with the Constitution of the Club, the liability of members in the event of the Club being wound up would not exceed \$2 per member.

**(l) Revenue**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenues from the sale of goods, services and gaming are recognised at the point of sale, which is where the customer has taken delivery of the goods, received the service and the risks and rewards are transferred to the customer. Amounts disclosed as revenue are net of sales returns and trade discounts.

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

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

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

**Gosford RSL Club Limited**  
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**Notes to the Financial Statements**  
**For The Year Ended 31 December 2018**

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**(m) 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 Tax 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 balance sheet 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.

**(n) Trade and other receivables**

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

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(p) Current and non-current classification**

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

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

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

**(q) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful life of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

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

Employee benefits provision

As discussed in note 1(h), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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

**Note 1. Statement of Significant Accounting Policies (cont'd)**

Deferred tax balances

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. For the purpose of measuring deferred tax assets arising from property that is measured using the fair value model, the directors review and assess the Company's likely benefit or liability to taxation with reference to prevailing tax legislation and case law and with reference to the Company's strategic plan. Until such time as the strategic plan is enacted by the Company and claims against the capital losses for previous years are made by the Company and accepted by the ATO, the precise measurement of the deferred tax asset available for use by the Company cannot be made. Notwithstanding this, the directors are of the opinion that sufficient capital and revenue losses are available to minimise the Company's exposure to tax in the event there is a change in the nature or use of Company property in the foreseeable future.

Fair value of financial assets and liabilities

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

**(r) Standards issued not yet effective**

There are a number of new accounting standards and amendments issued, but not yet effective, none of which have been early adopted by the Company in this Financial Report. The Company has reviewed the impact of these changes and has determined that the adoption of these standards will not have a material effect on the financial position or performance of the Company, other than as set out below.

AASB 16: Leases

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

The company has not early adopted the standard as permitted by AASB 9, and intends to apply the exemptions available under AASB 16 for short term leases and low value underlying assets. In addition, the company intends to apply AASB 16 using the modified retrospective approach, along with practical expedients permitted by the standard. The modified retrospective approach does not require the restatement of comparative financial information.

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

**Note 2. Financial Risk Management**

Financial Risk Management Policies

The Club's financial instruments consist mainly of deposits with banks, managed investments, accounts receivable and payable, loans and hire purchase agreements.

The Club does not have derivative instruments at 31 December 2018.

(i) Treasury Risk Management

The Audit and Compliance Committee meet on a regular basis to analyse financial risk exposure.

The Committee's overall risk management strategy seeks to assist the Club whilst minimising potential adverse effects on financial performance. The Audit and Compliance Committee operates under policies approved by the Board of Directors.

(ii) Financial Risk Exposure and Management

The main risks the club is exposed to through its financial instruments are interest rate risk and liquidity risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Foreign Currency Risk

The Club is not exposed to fluctuations in foreign currencies.

Liquidity Risk

The Club manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

**Note 3. Restatement of comparatives**

Prior Period Restatement

Subsequent to the release of the 2017 financial report, the Board of Directors directed management to undertake a detailed review of the tax affairs and position of the Company. This review was performed over the last twelve financial years of the Company. An error was identified occurring in the 2006 year relating to the availability of tax losses to be recouped by the Company in future reporting periods. The cumulative effect of this error is impracticable to determine in each financial year. However, the cumulative amount of this error of \$1,154,306 was identified relating to the 2017 financial report.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the Board of Directors has restated the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

These errors have resulted in the restatement of the following line items for the year ended 31 December 2017:

- Deferred tax assets decreased by \$1,154,306; and
- Retained earnings decreased by \$1,154,306.

	<b>2017</b>		<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Reported</b>	<b>Adjustment</b>	<b>Restated</b>
<b>Non-current assets</b>			
Deferred tax assets	2,385,284	(1,154,306)	1,230,978
<b>Total assets</b>	<u>33,352,833</u>	<u>(1,154,306)</u>	<u>32,198,527</u>
<b>Net assets</b>	<u>30,737,518</u>	<u>(1,154,306)</u>	<u>29,583,212</u>
<b>Equity</b>			
Revaluation reserves	10,003,108	-	10,003,108
Retained surpluses	20,734,410	(1,154,306)	19,580,104
<b>Total equity</b>	<u>30,737,518</u>	<u>(1,154,306)</u>	<u>29,583,212</u>



**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 4. Revenue</b>		
Rendering of services income		
- Net clearances	12,441,504	11,137,083
- Keno & TAB commissions	200,859	193,627
- Accommodation sales	3,182,583	3,022,242
- Laundry & other service income	8,712	7,211
	15,833,658	14,360,163
Sale of goods revenue		
- Bar & Bottle Shop sales	2,448,910	2,377,149
- Brasserie sales	2,505,777	2,499,040
- Café sales	1,114,087	1,035,354
- Functions food & beverage sales	709,239	674,557
- Food and kiosk sales	1,913	3,157
	6,779,926	6,589,257
Other income		
- Commissions	174,218	170,684
- Courtesy coach	18,163	19,713
- Interest received	82,177	60,369
- Gain in fair value of investment portfolio	13,892	22,518
- Promotions income	390,073	415,299
- Members' subscriptions	87,116	83,657
- Other income	52,900	30,994
- Gain on disposal of assets	126,347	70,249
	944,886	873,483
Total Revenue	23,558,470	21,822,903

**Note 5. Profit from Ordinary Activities**

(a) Expenses		
Cost of sales	2,398,176	2,327,799
Finance costs:		
- External Financial Institutions	1,830	4,129
- Other	-	-
Amortisation and Depreciation	2,289,231	2,318,055
	2,291,061	2,322,183

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 6. Income Tax</b>		
(a) The prima facie income tax on operating profit is reconciled to the income tax provided in the accounts as follows:		
Operating profit	2,844,268	2,695,428
	<hr/>	<hr/>
Prima facie income tax payable calculated at 6.67% (2017: 8.08%) of operating profit	189,713	217,791
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Members portion:		
Non-assessable income	(1,001,343)	(1,078,236)
Non-deductible expenses	900,246	948,862
Non-member portion:		
Non-deductible expenses	85,748	103,412
Tax deductible expenses	(77,487)	(99,774)
Losses carried forward	(48,699)	(92,056)
Tax effect of mutuality on tax balances	150,457	-
Effect of previously recognised tax now derecognised	1,156,154	-
	<hr/>	<hr/>
Income tax expense attributable to operating Profit	1,354,789	-
	<hr/> <hr/>	<hr/> <hr/>
(b) Income tax expense included in comprehensive income:		
Current income tax payable	198,635	-
Deferred tax asset	1,156,154	-
Deferred tax liability	-	-
	<hr/>	<hr/>
	1,354,789	-
	<hr/> <hr/>	<hr/> <hr/>

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	2018	2017
	\$	\$
<b>Note 7. Key Management Personnel &amp; Related Party Transactions</b>		
(a) Names and positions held of directors in office at any time during the financial year are:		
GR Young JP - President from 10 April 2017		
PL Edwards JP - Vice President from 16 April 2018		
KJ Spencer OAM - Vice President to 16 April 2018		
CR Chiofalo		
RW Miller - JP		
CL Rennie - JP		
CJ Hobson		
(b) The total compensation for key management personnel (excluding directors' expenses) was \$770,497 (2017: \$640,958).		
(c) Transactions between related parties are on normal commercial terms and conditions. These terms and conditions are no more favourable than those available to other parties unless otherwise stated.		

**Directors' Honoraria**

GR Young	9,855	7,991
PL Edwards	3,600	3,300
KJ Spencer (paid directly to Women's Auxiliary)	3,600	3,300
CR Chiofalo	3,600	3,300
RW Miller	3,600	2,700
CL Rennie	3,600	2,700
CJ Hobson	3,600	2,700
JW Trinks – Retired 10 April 2017	-	2,190
FM Cleary – Retired 10 April 2017	-	800
Total Directors' Honoraria	31,455	28,981

**Directors' Expenses**

Meeting Expenses	4,595	4,735
Conference Expenses	63,766	41,677
Directors' Honoraria	31,455	28,981
Uniforms & Electronic devices	1,522	948
	101,338	76,341

- (d) Mr R Cooper is a director of ClubCo Pty Ltd. During the year, Gosford RSL Club Ltd acquired 30,938 shares for a consideration of \$250,000. During the year, Gosford RSL Club Ltd purchased \$8,871.59 of goods & services from ClubCo Pty Ltd.

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 8. Cash and Cash Equivalents</b>		
Cash on hand and at bank	5,933,187	3,359,877
	5,933,187	3,359,877
	5,933,187	3,359,877
<b>Note 9. Trade and Other Receivables</b>		
Other debtors	98,211	88,479
Less: Provision for doubtful debts	(6,918)	(1,393)
	91,293	87,086
	91,293	87,086
<b>Note 10. Inventories</b>		
Bar stock	122,449	101,916
Catering stock	45,084	38,539
Motel stock	290	215
Prizes and other goods	31,370	27,260
	199,193	167,930
	199,193	167,930
<b>Note 11. Other Current Assets</b>		
Prepayments	137,921	103,310
	137,921	103,310
<b>Note 12. Financial Assets</b>		
Non-Current		
Shares in Unlisted Companies (held at cost less impairment)	11,299	750
Investment portfolio held at fair value	3,036,410	3,022,518
	3,047,709	3,023,268
	3,047,709	3,023,268

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 13. Property, Plant and Equipment</b>		
Freehold Land & Buildings at Independent Valuation (2018)	28,760,222	26,505,823
Accumulated depreciation	(2,920,894)	(7,217,178)
	25,839,328	19,288,645
Capital Works in progress	747,032	315,013
Total land and buildings	26,586,360	19,603,658
Plant and equipment at cost	7,631,297	7,302,151
Accumulated depreciation	(6,175,477)	(5,803,328)
	1,455,820	1,498,823
Motor Vehicles at cost	173,722	139,397
Accumulated depreciation	(74,199)	(89,899)
	99,523	49,498
Total plant and equipment	1,555,343	1,548,321
Poker machines at cost	7,961,912	7,728,529
Accumulated depreciation	(5,412,314)	(5,418,603)
Total Poker Machines	2,549,598	2,309,926
Property, plant and equipment (non-current)	30,691,301	23,461,905

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>

**Note 13. Property, Plant and Equipment (cont'd)**

(a) Movements in Carrying Amounts

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

	<b>Freehold Land &amp; Buildings</b>	<b>Plant and Equipment</b>	<b>Poker Machines</b>	<b>Total</b>
Opening balance	19,603,658	1,548,321	2,309,926	23,461,905
Additions	512,184	704,790	1,102,523	2,319,497
Revaluation	7,275,793	-	-	7,275,793
Disposals	-	-	(76,663)	(76,663)
Depreciation	(805,275)	(697,768)	(786,188)	(2,289,231)
Closing Balance	26,586,360	1,555,343	2,549,598	30,691,301

**Note 14. Intangible Asset**

Poker machine entitlements	914,173	764,173
	914,173	764,173
	914,173	764,173

**Note 15. Trade and Other Payables**

Trade payables	535,482	301,536
GST Liability	394,721	422,587
Sundry payables and accrued expenses	682,020	542,875
	1,612,223	1,266,998
	1,612,223	1,266,998

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 16. Borrowings</b>		
<b>Current</b>		
Unsecured		
Other Borrowings	149,269	149,269
	149,269	149,269
<b>Non-current</b>		
Unsecured		
Other Borrowings	74,634	223,903
	74,634	223,903
	74,634	223,903
<b>Note 17. Tax</b>		
<b>Current</b>		
Provision for Income Tax	171,993	-
	171,993	-
	171,993	-
<b>Non-Current</b>		
Deferred Tax Assets	74,824	1,230,978
	74,824	1,230,978
	74,824	1,230,978
<b>Note 18. Employee Benefits</b>		
Current	839,067	862,278
Non-current	133,382	112,867
	972,449	975,145
	972,449	975,145

**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Note 19. Cash Flow Information</b>		
(a) Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax		
Profit/(loss) after income tax	1,250,028	2,695,428
<b>Non-cash flows in profit from ordinary activities</b>		
Amortisation and Depreciation	2,289,231	2,318,055
Impairment Expenses	239,451	-
Bad Debts Written Off	5,525	1,393
Write-off unrecoverable WIP	-	-
Net (gain)/loss on disposal of assets	(126,347)	(70,249)
Net (gain)/loss on financial assets held at fair value	(13,892)	(22,518)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in other debtors	(9,732)	53,447
(Increase)/decrease in inventories	(31,263)	(4,162)
(Increase)/decrease in other assets	(34,611)	28,522
(Increase)/decrease in deferred tax asset	1,156,154	-
Increase/(decrease) in tax liability	171,993	-
Increase/(decrease) in payables	370,583	(142,647)
Increase/(decrease) GST paid	(27,866)	45,114
Increase/(decrease) in provisions	(2,696)	21,031
Increase/(decrease) in income in advance	2,508	21,140
	5,239,066	4,944,554
	5,239,066	4,944,554

**Note 20. Contingent Liabilities**

- (a) The Company pays mortality fund benefits to all existing members who were members of the Company prior to 30 June 1983 and whose membership conformed to the specified conditions. The estimated liability as at balance date amounts to \$4,650 (2017:\$6,300).
- (b) The Company's bankers have provided bank guarantees amounting to \$5,000 (2017:\$5,000).



**Gosford RSL Club Limited**  
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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

	Note	2018 \$	2017 \$
<b>Note 21. Events after the Reporting Period</b>			
The directors are not aware of any significant events since the end of the reporting period.			
<b>Note 22. Financial Instruments</b>			
The Company's financial instruments consist mainly of deposits with banks, managed investments, accounts receivable and payable, leases, commercial bills and loans.			
The totals for each category of financial instruments, measured in accordance with the accounting policies to these financial statements are as follows:			
Financial Assets			
Cash and Cash Equivalents	8	5,933,187	3,359,877
Trade & Other Receivables	9	91,293	87,086
Financial Assets	12	3,047,709	3,023,268
		9,072,189	6,470,231
		9,072,189	6,470,231
Financial Liabilities			
Trade and Other payables	15	1,612,223	1,266,998
Borrowings	16	223,903	373,172
		1,836,126	1,640,170
		1,836,126	1,640,170

**Note 23. Capital Commitments**

At the end of the year, the Company did not have any capital commitments (2017: \$41,496).

**Gosford RSL Club Limited**  
**ABN 34 002 772 910**

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**Notes To And Forming Part Of The Accounts**  
**For The Year Ended 31 December 2018**

Note	2018 \$	2017 \$
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**Note 24. Core and non-core property**

For the year ended 31 December 2018 the core and non-core property of the Club for the purposes of section 41J of the Registered Clubs Act is as follows:

**Core Property**

The core property of the Club comprises the Club's premises being the club house, car park and the Galaxy Motel.

**Non-core Property**

The non-core property of the Club comprises the premises of the Ashwood Motel at 73 Central Coast Highway West Gosford.

**Gosford RSL Club Limited**  
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**Directors' Declaration**  
**For The Year Ended 31 December 2018**

The directors of the company declare that:

1. the financial statements and notes set out on pages 9 to 34 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Regime; and
  - (b) give a true and fair view of the financial position as at 31 December 2018, and performance for the year ended on that date.
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 fall due and payable.

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

Dated at Gosford this 25th day of February, 2019.

**G R Young**  
Director

**P L Edwards**  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOSFORD RSL CLUB LIMITED**

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### **Opinion**

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

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

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

### **Basis for Opinion**

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

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

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

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements to the extent described in Note 2 to the financial report, the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Name of Firm** Bishop Collins Audit Pty Ltd  
Chartered Accountants

**Name of Registered Company Auditor:** .....  
Martin Le Marchant

**Auditor's Registration No.** 431227

**Address** Unit 1, 1 Pioneer Ave, Tuggerah NSW 2259

**Dated** 25 February 2019