



South Grafton District Ex-Servicemen's Club Co-operative Limited

2018 Annual Report

OFFICE BEARERS

President:	Andrew McGill
Vice President:	Christiaan Gosewisch
Directors:	Don Norton June Allen Alan Ryall Robert Worthy Tom Hansson
Secretary Manager:	Debbie Welsh
Solicitors:	Piggott Stinson & Thompson Greer
Accountants:	Crowe Horwath
Auditor:	Kennedy Saunders

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of South Grafton District Ex-Servicemen's Club Co-Operative Limited, will be held at the registered office of the Co-operative, 2 Wharf Street South Grafton, on Monday 20th May 2019 commencing at 6.00pm.

Items of Business

1. Apologies
2. To confirm the minutes of the last Annual General Meeting dated 1st May 2018.
3. Business arising from previous minutes.
4. To receive, consider and adopt the Financial Report of the Co-operative for the year ending 31st December 2018 and the reports by Directors and Auditors thereon.
5. To consider and if thought fit approve the Ordinary Resolutions as set out in this booklet.
6. To elect President, Vice President and Directors for the ensuing year.
7. To determine and fix any honorariums. Currently, honorariums are as follows:

President:	\$ 5,000 per annum
Vice President:	\$ 2,500 per annum
Directors:	\$ 600 per annum
8. To receive and deal with any business for which notice in writing has been given to the Secretary Manager in accordance with the rules of South Grafton District Ex-Servicemen's Club Co-operative Limited.
9. Member's recommendation to the Board of Directors.

Members please note that any Member who may have any questions relating to any matter contained within the financial statements or any question which may require investigation, please put your question in writing to the Secretary Manager at least seven (7) days prior to the meeting to enable a considered response to be provided at the Annual General Meeting.

Ordinary Resolution

That pursuant to the Registered Clubs Act, the Members hereby approve that each of the Directors are to be entitled to the following benefits over the next twelve (12) months and the Members acknowledge that these benefits are not available to Members generally, but only those who are Directors (and spouses of directors) of the Club:

- (i) Directors are to be reimbursed for any reasonable out of pocket expenses incurred during the course of acting for or on behalf of the Club;
- (ii) The reasonable costs of Directors for meals and/or drinks covering Board Meetings attendance and associated activities;
- (iii) The reasonable costs of travel, accommodation and meals for Director attending seminars, lectures, trade displays, organised study tours, fact finding tours, Registered Club Association of New South Wales events, Club Managers Association's events and other similar events as may be determined by the Board from time to time;
- (iv) Attendance at functions, with spouses, where appropriate and required, to represent the Club;
- (v) Reasonable expenses incurred by Directors in relation to other such duties including the entertainment of special guests to the Club and other promotional activities performance by Directors subject to board approval;
- (vi) That should the Board resolve that a uniform is required for Directors, the uniform shall be provided at the Club's expenses; and
- (vii) Provision of the Board of grants and donations for charitable, community and sporting organisations.

It is with great pleasure that I have to report another good year for the club with a profit of \$518,824 compared to the 2017 profit of \$506,936.

My thanks go to Secretary Manager, Debbie Welsh for her outstanding efforts throughout the year. Debbie was not afraid to spend some of last year's profit with repairs to the toilets, the new chairs for the coffee shop, new table and chairs for the bar area and last but not least new chairs for the poker machine area. Debbie has more renovations in mind for 2019.

I would like to thank my fellow Board of Directors for their efforts in 2018.

My thanks to Bridie and Suzette for their efforts throughout the year nothing was ever a trouble for them and they were there when required.

Thank you also to the bar staff, cleaners and the coffee shop staff.

My thanks also to the Sub-Clubs for your efforts in 2018.

Last but not least thank you to the members for your support throughout 2018 and hope this will continue in 2019.

Best Wishes

Andrew McGill
President

SECRETARY MANAGERS REPORT

It is with pleasure I present this report showing a trading profit of \$518,824. Total cash in the bank as of 31st December 2018 \$ 987,348. EBTIDA is 21.35% which is above industry benchmark of 15 %.

Now the new amenities are complete and we have a disabled toilet that is in compliance with health regulations. The amenities in the Poker Machine room will start in the coming months

We have purchased 8 new poker machines + 5 conversions this year, installed the new Cash Redemption Machine, Installed new Air Curtains in the poker machine smoking area. Painted the poker machine rooms and installed 33 new poker machine stools. New stools in the main area of the club with more to arrive soon. Installed a new 4 burner wok in the kitchen and new blinds in room 4 upstairs. We have also carried out many repairs to the building and equipment.

We have installed a Cash Redemption Terminal in the poker machine room that makes it easy for patrons to be paid.

Thank you to President Mr Andy McGill, Vice President Mr Chris Gosewisch and Directors for your support during the year.

To The Management Team, Operations Manager - Suzette Collen and Gaming Manager -Bridie Tilse a huge thank you for your support and dedication to the club. To all the staff thank you

Thank you to the members for your patronage throughout the year, without you we have no club.

To members who have suffered bereavements during the year, I offer my sincere condolences.

Debbie Welsh
Secretary Manager

McGILL, Andrew – Member No: 52

I worked at the South Grafton District Ex-Servicemen's Club for 38 years as a steward, bar manager and cellar man. So I have obtained knowledge of the working of this industry.

In 2015 I stood for a number of offices and was elected as Deputy President. In 2017 I was elected President and would be more than happy to continue in this roll.

GOSEWISCH, Christiaan (Chris) - Member No : 2189

During my 9 years on the Board, I have seen our club progress from a loss situation (in the red) to a strong monetary situation I do believe the present Board, Management and Staff have contributed to the result. The turn-around is very gratifying to me and all concerned, and I will do my utmost to see it continues to improve if I am re-elected.

ALLEN, June – Member No:1459

I have been a member of the South Grafton District Ex-Servicemen's Club for over 52 years, I was Secretary of the Anglers Club and retired from that position 2015 and I was honored to receive Life Membership of the Anglers Club in 2011. I am currently Chairperson and a playing member of the South Grafton District Ex-Servicemen's mixed social bowls club

I have also been a member on the Jacaranda Festival Committee for 20 years and have been a director on many committees during that period, I was elected President and was president for a period of 10 years until I retired from the Festival, and I was awarded Life Membership of the Jacaranda Festival.

In 2003 I was awarded Grafton's Australia Day Citizen of the year award.

The time, commitment and involvement I have with these organizations, I feel have given me the experience to represent our members as a director of this club.

HANSSON, Tom – Member No: 2875

Community Involvement

- Past President and Directorships. Rotary Club of Arturo 1976-1994
- Originator and Member for Beihai Community Group 2004-2012
- Supporting 32 young people through their school years

Education

- Master of Business Administration MDA, Bachelor of Business
- Diploma Electromechanically Engineering, Diploma of Marketing Diploma of Counselling

Relevant Careers

- Tommy's Place .500ms restaurant Beihai China. Owner /Operator 2005-2013
- Pyrotek Pty Ltd. Us Multinational. High Temperature Material for the Aluminum Smelters
- Sound guard Pty Ltd. Acoustics and Noise Control Engineers. Sales Marketing Engineer/ Managing Director 1974-1988

RYALL, Alan – Member No: 854

I am seeking re-election to the board of the South Grafton District Ex-Servicemen's Club. While being on the board it has been both rewarding and very challenging as there has been many tough decisions made.

During my working career I have held positions in the Club and Hotel Industry and at present, the licensee and Vice President for the Grafton Show and Showground Trust. Over many years I have served on many Boards and Committees including Military and Sporting associations including Treasurer for the S.G.R.S.L. Sub-Branch and a serving Sergeant in the Australian Army Reserve.

I have been a board member for the past 3 years.

BELL, Ian – Member No: 1561

I was first elected to the Board in 2009 and elected again 2010.

In 2011 I was elected Vice President; in 2012 I became Deputy President and again in 2013. I was fortunate to become President in 2014, 2015 and 2016.

DARBY, Sharon- Member No: 1009

I have lived in Grafton most of my life and have a great knowledge of the area. I have been employed in the hospitality industry since 1974. I feel with my experience and knowledge of the industry this would be a huge advantage to the club.

As legislation and licensing can be challenging for some, I feel this is an advantage to me having a full understanding which will be a benefit to the club.

COLLEN, Andrew (Andy) - Member No: 3012

I've lived in South Grafton most of my life. I'm married with 4 children and 9 grandchildren. I have assisted with cleaning up the club after the 2013 floods and I enjoy lending a hand to the Friday night raffles. I have been employed with Clarence Valley Council for the past 22 years. The past 6 years as Supervisor, Civil Section (roads, drains responsible for Grafton/South Grafton to the west and north of Copmanhurst towards Tabulam and the Gwydir).

Responsible for 26 full time employees delegating and monitoring their work. I have been on the WHS and Joint Consultee committee for 18 years

I am responsible for a working budget of \$2.4 million. With this experience I believe I would make a responsible Director to guide our Club for its best future

DARBY, William (Bill) - Member No : 3206

I moved to Grafton in 1963 as my family had purchased the Shell Service Station. I was employed with Gordon L Wood for a period of 6 yrs. I then held a cleaning position for several years before joining the Prison Service in 1972. I was a guard with Grafton prison for 15 years. Retiring from the prison I then purchased a Laundromat in Skinner Street until 2000. I retired to Woolly in 2000 then moved back to South Grafton in 2007. I hold a certificate in Management and Supervision, I am also a Justice of the Peace.

I feel with my vast previous employment I have the knowledge and experience to assist in moving the club forward.

**SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE
LIMITED
ABN 61 200 799 714**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Your directors present their report on the co-operative for the year ended 31 December 2018.

Principal Activities

The principal activities of the co-operative during the year have been that of providing for members and guests a social and sporting club with all the usual facilities of a club.

Short and Long Term Objectives of the Co-operative

The co-operative has identified the following short term objectives:

- to maintain the clubs profitability.
- to meet the industry benchmark for financial performance of a 15% EBITDA (Earning Before Interest Tax Depreciation and Amortisation).
- to install new technology to enhance the controls over cash flow.
- to meet industry requirements for the provision of a smoke free and safe environment for staff, members and their guests.
- to foster the clubs involvement with community organisations.

The co-operative has identified the following long term objectives:

- to remain financially secure.
- to continue to maintain and refurbish the facilities of the co-operative to meet the needs of the members and the community.
- to grow the operations of the co-operative in accordance with members interests.
- the preparation of strategic and business plans.

Strategies

The co-operative has adopted the followings strategies in order to achieve these short and long term objectives:

- the preparation of an annual financial budget for financial performance and cashflow projections. The management and directors regularly review the co-operative performance against budget.
- the on going management of in house compliance with legislative obligations be conducted.
- to closely monitor performance of revenue and expenses.

Performance Measurement

The co-operative uses the following key performance indicators to measure performance:

- EBITDA of 21.35% was achieved which is above the 15% industry benchmark (2017: 16.48%).
- Profit, after income tax expense, for the financial year was \$518,824 compared to the 2017 profit of \$506,936.
- Operating Cash Flow for the financial year was \$826,739 compared to the 2017 operating cash flow of \$792,932.
- the co-operative has complied with all Workplace Health and Safety Employment and Environmental requirements.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Andrew McGill	President	4 Years	Retired
Christiaan Gosewisch	Vice President	8 Years	Business Owner Company Director
Don Norton	Director	3 Years	Retired
June Allen	Director	3 Years	Retired
Alan Ryall	Director	5 Years	Workshop Supervisor
Robert Worthy	Director	Appointed 1 May 2018	Retired
Tom Hansson	Director	Appointed 1 May 2018	Retired
Ian Bell	Director	9 Years Resigned 1 May 2018	Essential Energy
Daniel Bell	Director	3 Years Resigned 1 May 2018	School Teacher

Meetings of Directors

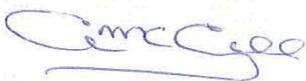
During the financial year, 15 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Andrew McGill	15	15
Christiaan Gosewisch	15	14
Ian Bell	6	4
Don Norton	15	14
June Allen	15	15
Alan Ryall	15	12
Daniel Bell	6	6
Robert Worthy	10	10
Tom Hansson	10	8

Significant Changes to Operations

No significant matters have arisen which are considered to have significantly impacted upon the operation of the co-operative.

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



Andrew McGill
 President

Dated: 12 March 2019

South Grafton Ex-Servicemen's Club Co-operative Ltd

ABN 61 200 799 714

Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To THE DIRECTORS OF: South Grafton Ex-Servicemen's Club Co-operative Ltd

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

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

Kennedy Saunders

Peter Mark Saunders, Registered Company Auditor #4530

57 Fitzroy Street GraftonNSW 2460



12/03/2019

Grafton

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Sales revenue	2	1,069,166	1,854,498
Cost of goods sold		<u>(474,733)</u>	<u>(932,877)</u>
Gross profit		594,433	921,621
Gaming revenue	2	2,370,042	2,455,267
Other revenue	2	534,180	503,389
Depreciation		(323,996)	(279,061)
Employee benefits expense		(999,179)	(1,311,457)
Finance costs		(5,431)	(7,192)
Gaming expenses		(516,705)	(517,314)
Members amenities and entertainment		(629,833)	(668,653)
Occupancy expenses		(299,233)	(319,533)
Other expenses		<u>(205,454)</u>	<u>(270,131)</u>
Profit before income tax expense		518,824	506,936
Income tax expense	1(b); 4	<u>-</u>	<u>-</u>
Profit after income tax expense		518,824	506,936
Other comprehensive income			
Net gain on revaluation of poker machine entitlements		<u>-</u>	<u>160,000</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>160,000</u>
Total comprehensive income for the year		<u>518,824</u>	<u>666,936</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,070,868	762,704
Trade and other receivables	6	1,183	5,212
Inventories	7	18,328	30,101
Financial assets	8	15,000	15,000
Other current assets	9	37,373	38,569
TOTAL CURRENT ASSETS		1,142,752	851,586
NON CURRENT ASSETS			
Property, plant and equipment	10	3,378,003	3,259,976
Intangible assets	11	325,000	325,000
TOTAL NON CURRENT ASSETS		3,703,003	3,584,976
TOTAL ASSETS		4,845,755	4,436,562
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	179,878	223,921
Financial liabilities	13	102,781	184,757
Provisions	14	125,774	121,624
Other liabilities	15	17,040	17,975
TOTAL CURRENT LIABILITIES		425,473	548,277
NON CURRENT LIABILITIES			
Financial liabilities	13	40,668	32,966
Provisions	14	36,594	31,124
TOTAL NON CURRENT LIABILITIES		77,262	64,090
TOTAL LIABILITIES		502,735	612,367
NET ASSETS		4,343,020	3,824,195
EQUITY			
Reserves		977,434	977,434
Retained earnings		3,365,585	2,846,761
TOTAL EQUITY		4,343,019	3,824,195

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance at 01 January 2017	817,434	2,339,825	3,157,259
Profit after income tax expense	-	506,936	506,936
Total other comprehensive income for the period	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Balance at 31 December 2017	<u>977,434</u>	<u>2,846,761</u>	<u>3,824,195</u>
Profit after income tax expense	-	518,824	518,824
Total other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2018	<u>977,434</u>	<u>3,365,585</u>	<u>4,343,019</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,368,046	5,364,501
Payments to suppliers and employees		(3,536,230)	(4,564,478)
Interest received		352	101
Finance costs		(5,431)	(7,192)
Net cash provided by operating activities	16 (b)	826,737	792,932
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	16,000
Purchase of property, plant and equipment		(444,300)	(312,220)
Net cash used in investing activities		(444,300)	(296,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		146,987	155,475
Repayment of borrowings		(221,261)	(165,312)
Net cash used in financing activities		(74,274)	(9,837)
Net increase in cash held		308,163	486,875
Cash at the beginning of the financial year		762,704	275,829
Cash at the end of the financial year	16 (a)	1,070,867	762,704

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note 1: Statement of Significant Accounting Policies

The financial statements are for South Grafton District Ex-Servicemen's Club Co-operative Limited as an individual entity, incorporated and domiciled in Australia. South Grafton District Ex-Servicemen's Club Co-operative Limited is a not-for-profit co-operative.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board and the Co-operatives National Law and Regulations (NSW), as appropriate for not-for-profit oriented entities.

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

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the co-operatives accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1 (q).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2019.

Accounting Policies

(a) Revenue

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

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

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

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

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liability are calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

The mutuality principle has been applied to the income tax calculation of the Club.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(c) 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 exchange 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 with 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.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Trade and Other Receivables

Trade and other receivables represent the funds owing at the end of the reporting period for services provided by the co-operative during the reporting period, which remain unpaid. The balance is recognised as a current asset with the amounts normally paid at the commencement of each school term.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis.

(g) 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 amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the co-operative's intention to hold these investments to maturity. Any held-to-maturity investments held by the co-operative are stated at amortised 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.

Fair value

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

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(h) 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.

Property

Freehold land and buildings are shown at cost.

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 expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

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 co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings and Improvements	2.5%
Plant and equipment	5 - 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

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

(i) Intangibles

Poker Machine Entitlements

The poker machine entitlements shown in the accounts represent licences purchased by the club. The co-operative holds other poker machine entitlements that have a market value. If the co-operative were to be wound up or the number of entitlements were in excess of requirements then the poker machine entitlements would be able to be sold at the prevailing market price. Poker machine entitlements are intangible assets classified with an indefinite life. The intangible asset is subject to annual impairment testing to the higher of fair value less related costs to sell and value in use.

(j) Impairment of Assets

At each reporting date, the co-operative 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 assets' fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(k) Trade and Other Payables

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

(l) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

(m) Provisions

Provisions are recognised when the co-operative 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) Employee Benefits

Provision is made for the co-operative's liability for employee benefits arising from services rendered by employees to balance 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 and accrued in respect of all employees with service in excess of 5 years at current wage and salary rates. This estimation technique is expected to result in similar accruals to the present value of the estimated future cash outflows to be made for those benefits.

(o) Asset Revaluation Reserve

Asset revaluation reserve captures the gains from the revaluation of land, buildings and poker machine entitlements owned by the co-operative.

(p) Goods and Services Tax

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 statement of financial position are shown inclusive of GST.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(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 lives of assets

The co-operative 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 indefinite life intangible assets

The co-operative assesses impairment of indefinite life intangible assets at each reporting date by evaluating conditions specific to the co-operative 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 (n), 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.

(r) New, revised or amending Accounting Standards and Interpretations adopted

The co-operative 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.

There were no new standards this year that had a significant impact on the co-operative. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(s) Comparative Figures

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

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 2: Revenue		
Sales revenue:		
Bar trading	738,355	1,111,410
Catering trading	<u>330,811</u>	<u>743,088</u>
	<u>1,069,166</u>	<u>1,854,498</u>
Gaming revenue:	<u>2,370,042</u>	<u>2,455,267</u>
Other revenue:		
Bingo income	115,584	104,956
Commissions	52,074	55,514
Dividends received	800	1,103
Interest received	352	101
Membership subscriptions and fees	38,402	37,466
Profit on sale of assets	(2,277)	12,562
Raffle income	219,947	245,891
Sundry income	<u>109,298</u>	<u>45,796</u>
	<u>534,180</u>	<u>503,389</u>
Total revenue	<u>3,973,388</u>	<u>4,813,154</u>
Note 3: Expenses		
(a) Significant expenses		
Depreciation	323,996	279,061
Electricity and gas	123,170	131,749
Members amenities	629,833	668,653
Poker machine tax	352,664	376,066
Repairs and maintenance	86,515	90,115
Salaries and wages	851,519	1,133,300
Superannuation	71,815	103,081
(b) Remuneration of auditor		
- audit of financial statements (current year)	7,000	7,000
- review of financial statement (prior year)	-	3,818
- other non audit services	<u>-</u>	<u>3,376</u>
	<u>7,000</u>	<u>14,194</u>
Note 4: Income Tax Expense		
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%)	155,647	152,081
Less: Tax effect of;		
Non-assessable profit from members	(91,600)	(114,261)
Tax losses not brought to account	<u>(64,047)</u>	<u>(37,820)</u>
	<u>(155,647)</u>	<u>(152,081)</u>
Income tax expense attributable to the co-operative	<u>-</u>	<u>-</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 5: Cash and Cash Equivalents		
Cash on hand	83,520	62,129
Cash at bank	<u>987,348</u>	<u>700,575</u>
	<u>1,070,868</u>	<u>762,704</u>
Note 6: Trade and Other Receivables		
CURRENT		
Trade receivables	880	4,909
Other receivables	<u>303</u>	<u>303</u>
	<u>1,183</u>	<u>5,212</u>
Note 7: Inventories		
CURRENT		
Stock on Hand		
- Bar	15,888	24,280
- Catering	-	3,381
- Other	<u>2,440</u>	<u>2,440</u>
	<u>18,328</u>	<u>30,101</u>
Note 8: Financial assets		
Available-for-sale financial assets	10,000	10,000
Held-to-maturity financial assets	<u>5,000</u>	<u>5,000</u>
Current portion	<u>15,000</u>	<u>15,000</u>
(a) Available-for-sale financial assets comprise:		
- shares in unlisted corporations, at cost	<u>10,000</u>	<u>10,000</u>
Available-for-sale assets comprise shares held in South Grafton Community Financial Services Ltd at cost.		
(b) Held-to-maturity financial assets comprise:		
- TAB deposit bond	<u>5,000</u>	<u>5,000</u>
	<u>5,000</u>	<u>5,000</u>
Note 9: Other Assets		
CURRENT		
Prepaid borrowing costs	-	89
Prepayments	<u>37,373</u>	<u>38,480</u>
	<u>37,373</u>	<u>38,569</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 10: Property, Plant & Equipment		
Land and buildings (at cost)		
Land and Buildings	4,526,073	4,526,073
Less: Accumulated depreciation	<u>(2,204,134)</u>	<u>(2,124,892)</u>
Total Land and Buildings	<u>2,321,939</u>	<u>2,401,181</u>
Plant and Equipment (at cost)		
Plant and Equipment	1,747,721	1,522,093
Less: Accumulated depreciation	<u>(1,369,254)</u>	<u>(1,301,719)</u>
	<u>378,467</u>	<u>220,374</u>
Poker Machines	2,220,113	2,045,071
Less: Accumulated depreciation	<u>(1,568,983)</u>	<u>(1,438,411)</u>
	<u>651,130</u>	<u>606,660</u>
Motor Vehicles	72,905	72,905
Less: Accumulated depreciation	<u>(46,438)</u>	<u>(41,144)</u>
	<u>26,467</u>	<u>31,761</u>
Total Plant and Equipment	<u>1,056,064</u>	<u>858,795</u>
Total Property, Plant and Equipment	<u>3,378,003</u>	<u>3,259,976</u>

(a) Movements in carrying amounts

	Land and Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of the period	2,401,181	858,795	3,259,976
Additions	-	444,306	444,306
Disposals	(5)	(2,278)	(2,283)
Depreciation expense	<u>(79,237)</u>	<u>(244,759)</u>	<u>(323,996)</u>
Carrying amount at the end of the period	<u>2,321,939</u>	<u>1,056,064</u>	<u>3,378,003</u>

Note 11: Intangible Assets

Poker machine entitlements (at fair value)	325,000	325,000
Less: accumulated impairment losses	<u>-</u>	<u>-</u>
	<u>325,000</u>	<u>325,000</u>

Poker Machine Entitlements

Poker machine entitlements are assessed as having an indefinite useful life. The measurement and recognition criteria is outlined in Note 1 to the financial statements

Poker machine entitlements have been impairment tested using calculations of the higher of fair value less costs to sell and value in use. The directors believe that the carrying amount of poker machine entitlements are not impaired and impairment testing will be conducted at 31 December 2019.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 12: Trade and Other Payables		
CURRENT		
Trade payables	75,561	121,440
Paid up capital	8,554	8,554
Other payables and accruals	95,763	93,927
	<u>179,878</u>	<u>223,921</u>
Note 13: Financial Liabilities		
CURRENT		
Unsecured liabilities:		
Credit card	250	366
Insurance premium funding	-	8,311
Secured liabilities:		
Equipment finance	34,168	32,926
Lease liability	68,363	143,154
	<u>102,781</u>	<u>184,757</u>
NON-CURRENT		
Secured liabilities:		
Equipment finance	40,668	32,966
Lease liability	-	-
	<u>40,668</u>	<u>32,966</u>
	<u>143,449</u>	<u>217,723</u>
(a) Total secured liabilities:		
Equipment finance	-	8,311
Lease liability	68,363	143,154
	<u>68,363</u>	<u>151,465</u>
(b) The unused finance facilities are:		
Bank overdraft	30,000	20,000
Credit Card	2,750	2,634
	<u>32,750</u>	<u>22,634</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 14: Provisions		
CURRENT		
Provision for employee benefits	106,372	102,204
Other provisions	<u>19,402</u>	<u>19,420</u>
	<u>125,774</u>	<u>121,624</u>
NON-CURRENT		
Provision for employee benefits	<u>36,594</u>	<u>31,124</u>
	<u>36,594</u>	<u>31,124</u>

Provision for employee benefits

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

Provision for poker machine jackpots

Provision has been made for poker machine jackpots representing the liability accrued as a result of turnover on poker machines in excess of the minimum jackpot amount. The measurement and recognition criteria relating to provisions has been included in Note 1 to this report.

Note 15: Other Liabilities

CURRENT		
Income received in advance	<u>17,040</u>	<u>17,975</u>
	<u>17,040</u>	<u>17,975</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
Note 16: Cash Flow Information		
(a) Reconciliation of cash		
Cash and cash equivalents	<u>1,070,868</u>	<u>762,704</u>
	<u>1,070,868</u>	<u>762,704</u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax expense		
Profit from ordinary activities after income tax expense	518,824	506,936
Non cash flows in profit from ordinary activities:		
Depreciation and amortisation	323,996	279,061
Loss on sale of fixed assets	2,277	(12,562)
Changes in Assets and Liabilities:		
(Increase)/decrease in trade and other receivables	4,029	78,633
(Increase)/decrease in inventories	11,773	63,174
(Increase)/decrease in prepaid expenses	1,196	(13,712)
Increase/(decrease) in creditors and accruals	(44,043)	(79,354)
Increase/(decrease) in provisions	9,620	(34,229)
Increase/(decrease) in other liabilities	(935)	4,985
Cash flows from operations	<u>826,737</u>	<u>792,932</u>

(c) Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period.

Note 17: Capital and Leasing Commitments

(a) Finance Lease Commitments

Payable - minimum lease payments:

- not later than 12 months	68,363	143,154
- between 12 months and five years	-	-

Minimum lease payments	13 (a)	<u>68,363</u>	<u>143,154</u>
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The co-operative has entered into a number of licence agreements to purchase Electronic Gaming Machines, over varying terms of 1 - 3 years each.

(b) Capital Expenditure Commitments

As at 31 December 2018, the co-operative had not engaged in any capital commitments.

Note 18: Events After the End of the Reporting Period

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

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$

Note 19: Financial Risk Management

The co-operative's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

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

Financial assets

Cash and cash equivalents	5	1,070,868	762,704
Loans and receivables	6	1,183	5,212
Available-for-sale financial assets, at cost	8	10,000	10,000
Held-to-maturity financial assets, at fair value	8	5,000	5,000
		1,082,051	777,916

Financial liabilities

Financial liabilities at amortised cost:			
Trade and other payables	12	179,878	223,921
Borrowings	13	143,449	217,723
		323,327	441,644

Note 20: Related Party Transactions

Key Management Personnel

The totals of remuneration paid to key management personnel (KMP) during the year are as follows:

Key management personnel compensation	258,473	316,964
Number of persons	3	5*

(* including two persons who resigned from the club during the year)

Other Related Parties

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

Note 21: Co-operative Details

The registered office and principal place of business is:

South Grafton District Ex-Servicemen's Club Co-operative Limited
 2 Wharf Street
 SOUTH GRAFTON NSW 2460

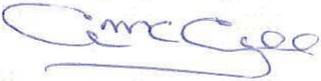
SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors of the co-operative declare that:

1. the financial statements and notes are in accordance with the Co-operatives National Law (NSW) , and:
 - (a) comply with Accounting Standards - Reduced Disclosure Requirements and the Co-operatives National Regulations; and
 - (b) gives a true and fair view of the financial position as at 31 December 2018 and of the performance for the period ended on that date of the co-operative;
2. in the directors' opinion there are reasonable grounds to believe that the co-operative 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 and is signed for and on behalf of the Directors by:



Andrew McGill
President

Dated: 12 March 2019

South Grafton Ex-Servicemen's Club Co-operative Ltd

ABN 61 200 799 714

Independent Auditor Report

Report on the Audit of the Financial Report**Opinion**

We have audited the financial report of South Grafton Ex-Servicemen's Club Co-operative Ltd (the company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity 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:

- a. the accompanying financial report of South Grafton Ex-Servicemen's Club Co-operative Ltd 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 then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Basis for Opinion

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

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

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

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.

South Grafton Ex-Servicemen's Club Co-operative Ltd

ABN 61 200 799 714

Independent Auditor Report

Responsibilities of the Director 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 and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

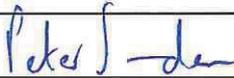
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

South Grafton Ex-Servicemen's Club Co-operative Ltd

ABN 61 200 799 714

Independent Auditor Report

Signed on 12 March, 2019:



Peter Mark Saunders, Registered Company Auditor #4530

Kennedy Saunders

57 Fitzroy Street GraftonNSW 2460

**ACCOUNTANT'S REPORT DISCLAIMER
TO THE MEMBERS OF
SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED**

ABN 61 200 799 714

Purpose and Scope

The attached unaudited special purpose financial statements of the entity which comprises the detailed trading statements and detailed income and expenditure statement for the year ended 31 December 2018, have been prepared for the Directors information only, and have not been prepared for use by third parties or any other purpose.

Responsibility of the Directors

the Directors of the entity are solely responsible for the information contained in the unaudited special purpose financial statements.

Our Procedures

The unaudited special purpose financial statements have been prepared in accordance with historical transactions provided to us by the Directors.

We have not conducted an audit or review in respect of this engagement. Accordingly, no opinion is expressed in respect of the accuracy or otherwise of the unaudited special purpose financial statements.

Disclaimer

The unaudited special purpose financial statements were prepared exclusively for the entity's information only. We do not accept responsibility to any person for the contents of the unaudited special purpose financial statements.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than our client, may suffer arising from any negligence on our part. No person should rely on the unaudited special purpose financial statements without having an audit or review conducted

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH



Kylie Ellis
Audit Partner
24 Queen Street
Grafton NSW 2460

Dated: 1 March 2019

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

DETAILED TRADING STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Bar		
Sales	738,355	1,111,410
Purchases	304,981	533,991
Stock movements	8,392	34,990
Cost of goods sold	<u>313,373</u>	<u>568,981</u>
Gross profit	<u>424,982</u>	<u>542,429</u>
Less: Direct expenses		
Depreciation	7,032	8,386
Salaries and wages	270,828	264,983
Other expenses	847	644
Total direct expenses	<u>278,707</u>	<u>274,013</u>
Net profit from bar trading	<u>146,275</u>	<u>268,416</u>
Catering		
Sales	330,811	743,088
Purchases	157,979	356,573
Stock movements	3,381	7,323
Cost of goods sold	<u>161,360</u>	<u>363,896</u>
Gross profit	169,451	379,192
Less: Direct expenses		
Depreciation	12,998	17,682
Salaries and wages	140,517	316,400
Other expenses	2,872	2,060
Total direct expenses	<u>156,387</u>	<u>336,142</u>
Net profit/(loss) from catering	<u>13,064</u>	<u>43,050</u>
Gaming Trading		
Net poker machine income	2,282,186	2,373,537
Poker machine GST rebate	17,180	17,180
Keno income	35,608	42,408
TAB income	35,068	22,142
Total gaming trading income	<u>2,370,042</u>	<u>2,455,267</u>
Less: Direct expenses		
Club grants	27,966	22,276
Data monitoring	33,042	32,435
Depreciation expense	162,610	127,802
Foxtel	30,289	-
Keno expenses	3,099	1,775
Poker machine tax	352,664	376,066
Promotions	293	2,048
Repairs and maintenance	30,975	31,023
Salaries and wages	8,158	32,088
Sky racing	18,928	18,823
Superstation subscription	-	25,720
TAB expenses	19,449	7,148
Total direct expenses	<u>687,473</u>	<u>677,204</u>
Net profit from gaming trading	<u>1,682,569</u>	<u>1,778,063</u>

This statement is to be read in conjunction with the attached compilation report.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LIMITED
ABN 61 200 799 714

DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Income		
Net profit from trading:		
Bar	146,275	268,416
Catering	13,064	43,050
Gaming	1,682,569	1,778,063
Bingo income	115,584	104,956
Commissions received	52,074	55,514
Discounts received	52,962	-
Dividends received	800	1,103
Hiring charges	17,434	18,049
Interest received	352	101
Membership subscriptions and fees	38,402	37,466
Profit on sale of assets	(2,277)	12,562
Raffle income	219,947	245,891
Restaurant rent and reimbursements	18,392	-
Sundry income	20,510	27,747
Total Income	2,376,088	2,592,918
Expenditure		
Advertising	36,655	50,592
Bank charges	3,107	4,647
Borrowing expenses	239	1,051
Cleaning and waste removal	25,058	30,090
Computer and software expenses	29,688	33,146
Courtesy bus	8,281	9,776
Depreciation	141,356	125,191
Directors expenses	8,501	16,297
Directors fees	9,100	14,649
Donations	1,000	1,451
Electricity and gas	123,170	131,749
Equipment purchases	11,719	3,248
Insurance	55,918	40,870
Interest paid	5,192	6,141
Members amenities	629,833	668,653
Other staff expenses	1,351	3,657
Payroll tax	11,047	28,432
Postage, printing and stationery	12,170	14,090
Professional fees - auditors' remuneration	11,925	14,194
Professional fees - accountancy fees	26,527	41,678
Professional fees - legal expenses	310	617
Provision for employee benefits	9,638	(36,328)
Rates	30,063	47,086
Repairs and maintenance	55,540	59,092
Staff and management meals	2,290	9,862
Staff uniforms	1,310	4,441

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DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Salaries and wages	432,016	519,829
Security	177	7,261
Staff training and amenities	6,678	5,698
Sponsorships	7,111	15,864
Subscriptions and licences	22,807	25,415
Sundry expenses	12,657	14,502
Superannuation	71,815	103,081
Telephone	9,484	10,646
Workers compensation insurance	43,531	59,314
Total Expenditure	<u>1,857,264</u>	<u>2,085,982</u>
Profit before Income Tax Expense	<u>518,824</u>	<u>506,936</u>