



CHATSWOOD RSL CLUB LTD ANNUAL REPORT 2018 AND NOTICE OF ANNUAL GENERAL MEETING ACN 000 797 437

Contents include 2018 reports, financial statements & notices of resolutions.

The Annual General Meeting of Chatswood RSL Club Ltd will be held on Tuesday, 23 October, 2018, at 7pm at the registered office, 1 Thomas St, Chatswood.

In accordance with the articles of association all financial members of the club are permitted to attend and vote (except employees) at this general meeting.

This is an important meeting.

If a quorum of 30 members is not present, the meeting will be adjourned to the same day and time in the next week.

BOARD OF DIRECTORS

President: P. Barry M. Fisher

Deputy President: Garry J. Owen J.P.

Directors: Margaret E. Wilton, Robert McLeod,
Garry C. Brigden, Craig Murray, Malcolm J. Dimmock

Notice is hereby given that the Annual General Meeting of the Chatswood RSL Club Limited will be held on Tuesday 23 October 2018 at 7pm in the Multi-Purpose Room at the Company premises, 1 Thomas Street, Chatswood. In accordance with article 47 of the Articles, Notice is hereby formally given.

BUSINESS

1. Apologies
2. To approve Minutes of the October 2017 AGM.
3. To receive and consider the Annual Financial Report
4. To receive the Directors' Report and Director's Declaration
5. To receive the Auditor's Report
6. Notice of Resolutions – refer Annexure 'A' – see overleaf for Notices of Ordinary Resolutions regarding, Proposed payment of Honorariums to Directors, Professional Development and Communication Expenses
7. Notice of Special Resolutions – refer Annexure 'B' – see overleaf for Notices of Special Resolutions for:
 - a. Changes to the Club Constitution following changes to the Registered Clubs Act regarding Management and Director Accountability;
 - b. Changes to the Club Constitution following changes to the Corporations Act in relation to the Calling of General Meetings,
 - c. Changes to the Club Constitution to update the current methods of communication with Members;
 - and
 - d. Changes to the Constitution to introduce Board Appointed Directors as provided for under the Registered Clubs Act
8. To receive the Declaration of the Ballot for Office Bearers
9. Appointment of Returning Officers and Scrutineers for 2018/2020
10. General Business (including Members' Recommendations to the Board)

Any member who wishes to raise questions at the Annual General Meeting regarding the Reports referred to above please, in all fairness to the Finance Director, put the same in writing and present this to the Club's office no later than one week before the Annual General Meeting. This will allow for a more accurate answer to be presented to you at the Annual General Meeting.

ANNEXURE A - ORDINARY RESOLUTIONS

PROCEDURAL MATTERS

1. To be passed, an Ordinary Resolution must receive votes from not less than a majority of those members who, being eligible to do so, vote in person on the Ordinary Resolution at the meeting.
2. The Registered Clubs Act provides that:
 - a. members who are employees of the Club are not entitled to vote; and
 - b. proxy voting is prohibited.

FIRST ORDINARY RESOLUTION

That the members hereby approve payment of no more than \$40,050 to be paid in order to meet the Club's superannuation obligations with respect to historical payments to Directors.

Note to Members on the First Ordinary Resolution:

1. During the year, the Club sought external tax advice from its external auditors to assess the Club's employer obligations with respect to payments to Directors. The advice concluded that the historical payments made (as were approved in the respective AGMs) should be considered for superannuation purposes. That is, in order for the Club to meet its obligations, superannuation was required to be paid on those payments. The Club is working with its auditors to rectify the historical oversight in this regard to ensure the Club is fully compliant. In order to meet its obligations and be fully compliant, the Club will need to lodge Voluntary Disclosures for the period 1 July 2013 – 30 June 2018 to the ATO. In total, the external auditors estimate the Club will need to pay no more than \$40,050 to the ATO, the majority of which will be distributed to the Directors in accordance with the relevant legislation.

SECOND ORDINARY RESOLUTION

That the members hereby approve:

- (a) The payment of the following honorariums to directors of the Club (plus the superannuation contributions payable by the Club under the legislation for services as directors of the Club from the Annual General Meeting held in 2018 until the Annual General Meeting in 2019:

(i) President	-	\$10,500
(plus superannuation at 9.5% being \$997.50)		
(ii) Deputy President	-	\$9,500
(plus superannuation at 9.5% being \$902.50)		
(iii) Finance Director	-	\$9,500
(plus superannuation at 9.5% being \$902.50)		
(iv) House Director	-	\$9,500
(plus superannuation at 9.5% being \$902.50)		
(v) Promotions Director	-	\$9,500
(plus superannuation at 9.5% being \$902.50)		
(vi) Membership Director	-	\$9,500
(plus superannuation at 9.5% being \$902.50)		
(vii) Ordinary Directors	-	\$8,500
(plus superannuation at 9.5% being \$807.50)		

- (b) Such honorariums to be paid on a pro-rata basis if a director only holds office for part of the term.

Notes to Members on Second Ordinary Resolution

1. The Second Ordinary Resolution is to have members approve honorariums to be paid to directors (plus the superannuation contributions payable by the Club under the legislation in respect of duties performed by them from the Annual General Meeting to be held in 2018 until the Annual General Meeting to be held in 2019).
2. If a director only holds office for part of the term, the honorarium paid to that director will be paid on a pro-rata basis (which means that the director will only receive part of the honorarium).
3. The honorariums are to enable directors to pay for their travelling expenses and other out of pocket expenses incurred by them in relation to their duties as directors of the Club.
4. The Board believes that, provided each honorarium is sufficient, this

Notice of Annual General Meeting (continued)

is the simplest way of providing for the out of pocket expenses of directors and avoids the complexity of the Registered Clubs Act in relation to the procedures for reimbursing directors for their out of pocket expenses.

5. A director shall only be entitled to one honorarium. Therefore, if a director performs the duties of multiple directors that director will not receive multiple honorariums.

THIRD ORDINARY RESOLUTION

That the members hereby approve payment of no more than \$1,556 to be paid to Directors' superannuation funds in order to meet the Club's superannuation obligations with respect to payments made to Directors in July 2018 as follows:

Director	Superannuation Amount
Barry Fisher	\$249.38
Garry Owen	\$225.63
Gary Brigden	\$225.63
Margaret Wilton	\$225.63
Robert McLeod	\$225.63
Craig Murray	\$201.88
Malcolm Dimmock	\$201.88
Total	\$1,555.66

Notes to Members on Third Ordinary Resolution

Further to the First Ordinary Resolution the Club's external auditors have advised that the Club has an obligation to make superannuation contributions with respect to the July 2018 payment made to Directors. As this payment is not yet due, no additional penalty or interest is payable. The Club's external auditors estimate that the Club will need to pay no more than \$1,556 in order to meet this liability. The amount will be distributed into the Directors' nominated superannuation fund in accordance with the legislation.

FOURTH ORDINARY RESOLUTION

That the members hereby:

- (a) Approve expenditure by the Club of an amount not exceeding \$25,000 until the next Annual General Meeting for the following:
 - (i) The reasonable cost of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
 - (ii) The reasonable costs (including travel and accommodation expenses) of directors attending meetings, conferences and trade shows conducted by ClubsNSW and the Club Managers Association and of attending seminars, lectures, trade displays, organised study tours, fact finding tours some of which may

involve overseas travel and other similar events as determined by the Board from time to time.

- (iii) The reasonable cost of directors attending any other venue for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
 - (iv) The reasonable cost of directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
 - (v) The reasonable cost of Club apparel being provided to directors as required.
 - (vi) The reasonable cost of meals after Board meetings being provided to directors as required.
- (b) Acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors of the Club.

Notes to Members on Fourth Ordinary Resolution

1. The Fourth Ordinary Resolution is to have members approve an amount no greater than \$25,000 for expenditure by the Club on directors attending seminars, lectures, trade displays and other similar events (including the ClubsNSW Annual Conference and Annual General Meeting) some of which may include overseas travel and to visit other venues to enable the Board to be kept abreast of current trends and developments which may have a significant bearing on the nature of the Club's business and the way it conducts that business.
2. Although the Fourth Ordinary Resolution sets an upper limit of \$25,000, there will still be an obligation on the Board of the Club to ensure that all costs of professional development and education and other matters mentioned are reasonable and are properly incurred and documented. It may well be the case that the upper limit will not be reached.

FIFTH ORDINARY RESOLUTION

That the members hereby approve expenditure by the Club until the next Annual General Meeting for the following:

- (a) The reasonable cost of a mobile phone and phone calls for the President, Deputy President and Directors in respect of their duties as President, Deputy President and Directors of the Club;
- (b) The reasonable cost of an electronic device (for example a laptop computer, iPad, tablet or other similar device) and an electronic storage device (for example a flash drive or portable hard drive) being made available to directors in respect of their duties as directors of the Club;
- (c) The reasonable cost of internet access being provided to the directors in respect of their duties as the directors of the Club.

Notes to Members on Fifth Ordinary Resolution

1. The Fifth Ordinary Resolution is to have members approve expenditure by the Club on electronic equipment for directors to use in respect of their duties as directors of the Club.

Notice of Annual General Meeting (continued)

2. Included in the Fifth Ordinary Resolution is the reasonable cost of:
 - (a) A mobile phone (and phone calls) for the President, Deputy President and Directors in respect of their duties;
 - (b) An electronic device (laptop, iPad or similar device) and an electronic storage device (flash drive or portable hard drive) being made available to directors in respect of their duties as directors;
 - (c) The reasonable cost of internet access being made available to the directors in respect of their duties as directors.
3. The electronic devices will reduce the Club's environmental impact. They significantly reduce the paper used by the Club and enhance communications between Club management and directors.

BY ORDER OF THE BOARD



R.A.B. SNOWSILL
Company Secretary
Chatswood RSL Club Ltd
21ST August 2018

ANNEXURE B - SPECIAL RESOLUTIONS

PROCEDURAL MATTERS

1. To be passed, each Special Resolution must receive votes from not less than three quarters of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
2. Only Life Members, financial Special members and financial General Members shall be eligible to vote on the Special Resolutions.
3. Under the Registered Clubs Act, members who are employees of the Club are not entitled to vote; and proxy voting is prohibited.
4. Amendments to any of the Special Resolutions (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) will not be permitted from the floor of the meeting.
5. The Board of the Club recommends all of the Special Resolutions to members.

FIRST SPECIAL RESOLUTION

[The First Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Memorandum and Articles of Association of Chatswood RSL Club Limited be amended by:

- (a) **deleting** Articles 43 to 43H inclusive (and the heading immediately preceding those Articles) and in lieu thereof **inserting** the following new headings and Articles 43 to 43I inclusive:

“MATERIAL PERSONAL INTERESTS OF DIRECTORS

43. (a) *Any director who has a material personal interest in a matter that relates to the affairs of the Club must, as soon as practicable after the relevant facts have come to the director's knowledge declare the nature of the interest at a meeting of the Board and comply with Article 43(b).*
- (b) *Subject to Section 195 of the Act, a director who has a material personal interest in a matter that is being considered at a meeting of the Board, or of the Directors of the Club:*
- (i) *must not vote on the matter; and*
 - (ii) *must not be present while the matter is being considered at the meeting.*

REGISTERED CLUBS ACCOUNTABILITY CODE

- 43A. (a) *The Club must comply with the requirements of the Registered Clubs Accountability Code (as amended from time to time) and the provisions of Articles 43A to 43I inclusive.*
- (b) *For the purposes of Articles 43B to 43I inclusive the terms “close relative”, “controlling interest”, “manager”, “pecuniary interest” and “top executive” shall have the meanings assigned to them by the Registered Clubs Act and Registered Clubs Regulations.*

Notice of Annual General Meeting (continued)

CONTRACTS WITH TOP EXECUTIVES

- 43B. (a) *The Club must ensure that each top executive has entered into a written employment contract with the Club dealing with:*
- (i) *the top executive's terms of employment; and*
 - (ii) *the roles and responsibilities of the top executive;*
 - (iii) *the remuneration (including fees for service) of the top executive;*
 - (iv) *the termination of the top executive's employment.*
- (b) *Contracts of employment with top executives:*
- (i) *will not have any effect until they approved by the Board; and*
 - (ii) *must be reviewed by an independent and qualified adviser before they can be approved by the Board.*

CONTRACTS WITH DIRECTORS OR TOP EXECUTIVES

- 43C. (a) *The Club must not enter into a commercial arrangement or a contract with a director or top executive or with a company or other body in which a director or top executive has a pecuniary interest, unless the proposed commercial arrangement or contract is first approved by the Board.*
- (b) *A "pecuniary interest" in a company for the purposes of Article 43C(a) does not include any interest exempted by the Registered Clubs Act.*

CONTRACTS WITH SECRETARY AND MANAGERS

- 43D. *Unless otherwise permitted by the Registered Clubs Act, the Club must not enter into a commercial arrangement or contract with:*
- (a) *the Secretary or a manager; or*
 - (b) *any close relative of the Secretary or a manager;*
 - (c) *any company or other body in which the Secretary or a manager or a close relative of the Secretary or a manager has a controlling interest.*

LOANS TO DIRECTORS AND EMPLOYEES

- 43E. *The Club must not:*
- (a) *lend money to a director of the Club; and*
 - (b) *unless otherwise permitted by the Registered Clubs Act and Regulations, the Club must not lend money to an employee of the Club unless the amount of the proposed loan is ten thousand dollars (\$10,000) or less and the proposed loan has first been approved by the Board.*

RESTRICTIONS ON THE EMPLOYMENT OF CLOSE RELATIVES OF DIRECTORS AND TOP EXECUTIVES

- 43F. (a) *A person who is a close relative of a director or top executive must not be employed by the*

Club unless their employment is approved by the Board.

- (b) *If a person who is being considered for employment by the Club is a close relative of a director of the Club, the director must not take part in any decision relating to the person's employment.*

DISCLOSURES BY DIRECTORS AND EMPLOYEES OF THE CLUB

43G. *A director, top executive or employee of the Club must disclose any of the following matters to the Club to the extent that they relate to the director, top executive or employee:*

- (a) *any material personal interest that the director has in a matter relating to the affairs of the Club; and*
- (b) *any personal or financial interest of the director or top executive in a contract relating to the procurement of goods or services or any major capital works of the Club;*
- (c) *any financial interest of the director or top executive in a hotel situated within forty (40) kilometres of the Club's premises;*
- (d) *any gift (which includes money, hospitality and discounts) valued at one thousand dollars (\$1,000) or more, or any remuneration (including any fees for service) of an amount of one thousand dollars (\$1,000) or more, received by the director, top executive or employee from an affiliated body of the Club or from a person or body that has entered into a contract with the Club.*

43H. *The Club must keep a register in an approved form containing details of the disclosures made to the Club in accordance with Article 43G.*

PROVISION OF INFORMATION TO MEMBERS

43I. *The Club must:*

- (a) *make the information required by the Registered Clubs Regulations available to the members of the Club within four (4) months after the end of each reporting period to which the information relates; and*
- (b) *indicate, by displaying a notice on the Club's premises and on the Club's website (if any), how the members of the Club can access the information."*

- (b) **deleting** Article 48(b) and in lieu thereof **inserting** the following new Article 48(b):

"(b) The Board must call and arrange to hold a general meeting of the Club on the request of members with at least 5% of the votes that may be cast at the general meeting. In this Article 48, the request shall mean the request referred to in this paragraph (b)".

Notice of Annual General Meeting (continued)

Notes to Members on the First Special Resolution

1. The First Special Resolution proposes two (2) amendments to the Club's Memorandum and Articles of Association (Articles) to bring the Articles into line with the Corporations Act, Registered Clubs Act and Registered Clubs Regulation.
2. Paragraph (a) seeks to amend the existing provisions relating to corporate governance and accountability to bring the Articles into line with the recent and significant amendments to the Registered Clubs Act and Registered Clubs Regulation.
3. Paragraph (b) amends an existing provision relating to the calling of general meetings on the request of members to bring the Articles into line with the Corporations Act.

SECOND SPECIAL RESOLUTION

[The Second Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Memorandum and Articles of Association of Chatswood RSL Club Limited be amended by:

- (a) deleting Article 33 (a) and inserting the following new Article 33 (a):

“(a) The Board shall consist of:

- (i) Seven (7) Directors comprising of a President, a Deputy President and five (5) Ordinary Directors to be elected by the members or appointed by the Board to fill casual vacancies in accordance with Article 46; and*
- (ii) up to 2 directors appointed by the Board pursuant to article 33 (a1).”*

- (b) **inserting** the following new Articles 33 (a1), 33 (a2), 33 (a3) and 33 (a4) immediately after Article 33 (a)

“(a1) The Board may appoint two (2) directors pursuant to clause 31 of the Registered Clubs Regulation.

(a2) Any person appointed by the Board to be a director pursuant to clause 31 of the Registered Clubs Regulation only has to satisfy the requirements of that clause to be appointed and does not have to satisfy any requirement in this Constitution including without limitation belonging to a particular category of membership or being a member of the Club for a specific period of time before standing for or being elected or appointed to the Board.”

(a3) A person appointed under subclause (a1):

- (a) may be appointed for a term of no more than 3 years, and*
- (b) must be an ordinary member of the club at the time of, and for the duration of, his or her appointment, and*
- (c) is not eligible for re-appointment under subclause (a1), including re-appointment after the end of that term.*

- (a4) *Within 21 days of an appointment being made under subclause (a1), a notice must be clearly displayed on a notice board on the premises of the registered club and on the club's website (if any) that states:*
- (a) *the reasons for the person's appointment, and*
 - (b) *the person's relevant skills and qualifications, and*
 - (c) *any payments to be made to the person in connection with his or her appointment."*

Notes to Members on the Second Special Resolution

1. The Second Special Resolution proposes to provide the Board with the power to appoint up to two (2) directors to the Board (who are not elected by members or appointed by the Board to fill casual vacancies).
2. The Registered Clubs Act and Registered Clubs Regulations enable boards of registered clubs to appoint up to two (2) directors (who are not elected by members or appointed by the Board to fill casual vacancies) to the Board.
3. If the Second Special Resolution is passed, the Board may appoint up to two (2) directors to the Board.
4. For the avoidance of doubt:
 - (a) the directors appointed to the Board are in addition to the seven (7) directors elected by members or appointed by the Board to fill casual vacancies so the Board could consist of 9 directors; and
 - (b) the Board is not required to appoint persons to the Board but it may do so if it wishes;
 - (c) any person appointed by the Board to be a director only has to satisfy the requirements of the Registered Clubs Act and Registered Clubs Regulations to be appointed and does not have to satisfy any requirement in this Constitution such as belonging to a particular category of membership or being a member for a specific period of time before standing for or being elected or appointed to the Board;
 - (d) if a person is appointed to the Board, the Club must, within twenty one (21) days of the appointment, display a notice on the Club's noticeboard and website stating:
 - (i) the reasons for the person's appointment, and
 - (ii) the person's relevant skills and qualifications, and
 - (iii) any payments to be made to the person in connection with his or her appointment.
5. This amendment allows the Board to identify persons with particular skills, expertise and experience which may be beneficial to the Club and allow the Board to appoint those persons to the Board.
6. For example, the Club may undertake a major construction project in the future and none of the directors at the time may have expertise in construction. This amendment allows the Board to identify and appoint a person or persons with expertise in construction who will be able to assist the Club in completing the construction project.

Notice of Annual General Meeting (continued)

THIRD SPECIAL RESOLUTION

[The Third Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Memorandum and Articles of Association of Chatswood RSL Club Limited be amended by:

- (a) **deleting** the word, “bulletin” from Article 34 (b) and by **replacing** it with the word, “notice” and by **adding** the words, “or by electronic means” after the word, “post” in Article 34 (b); and
- (b) **deleting** the words, “inserted in the Club Magazine” from Article 34 (v) (a) and **replacing** them with the words, “sent to members by post or by electronic means”

Notes to Members on the Third Special Resolution

The changes proposed by the Third Special Resolution will allow the Secretary and the Returning Officer to notify members calling for nominations for the Board and advising of the polling place and the dates and the times members are able to vote in the election of the Board.

BY DIRECTION OF THE BOARD



R.A.B. SNOWSILL
Company Secretary
Chatswood RSL Club Ltd
21ST August 2018

ELECTION OF THE BOARD OF DIRECTORS 2018-2020

In accordance with Article 34(g) of the Club's Articles of Association notice is hereby given that the following Club members have been proposed as nominees for the 2018/2020 election for the Board of Directors.

NAME OF NOMINEE	ADDRESS OF NOMINEE	POSITION(S) NOMINATED FOR
P. BARRY M. FISHER	NORMANHURST 2076	PRESIDENT
GARRY JOHN OWEN	CHATSWOOD 2067	DEPUTY PRESIDENT
MARGARET (PEGGY) E. WILTON	LANE COVE 2066	DIRECTOR
MALCOLM J. DIMMOCK	MARSFIELD 2122	DIRECTOR
ROBERT L. McLEOD	BEROWRA HEIGHTS 2082	DIRECTOR
GARRY C. BRIGDEN	LANE COVE 2066	DIRECTOR
CRAIG D. MURRAY	LANE COVE 2066	DIRECTOR
JOHN W. J. McGRATH	EAST GOSFORD 2250	DIRECTOR



R.A.B. SNOWSILL
Secretary Manager
 Chatswood RSL Club Ltd
 21ST August 2018

Notice of Annual General Meeting (continued)

ELECTION OF OFFICE BEARERS / DIRECTORS 2018/2020

VOTING INSTRUCTIONS

The following instructions must be followed to cast a valid vote on the ballot paper.

1. Members must cast their vote by placing the number “1” in the box on the ballot paper against the name of the candidate having their first preference; the number “2” in the box on the ballot paper against the name of the candidate having their second preference and so on until a number is placed in the box against the name of each candidate on the ballot paper. All boxes must be numbered for a valid vote to be cast.
2. A member wishing to vote at the election of directors shall, upon request, receive a ballot paper from the Returning Officer, Deputy Returning Officer or a Scrutineer at the Polling Place and shall complete the same and hand the completed ballot paper to the Returning Officer, the Deputy Returning Officer or a Scrutineer.
3. All members must produce their 2018 Club Membership Card before they will be issued with voting papers.
4. Postal Voting. If a member is for any reason unable to attend at the Polling Place during the period specified in the notification provided for in Article 34 (k) (v) (a), such a member may apply in writing to the Returning Officer for a ballot paper. Such application must reach the Returning Officer two weeks prior to the first day for polling and must be accompanied by a pre-addressed, pre-stamped envelope. Upon receipt of the application and envelope the Returning Officer shall forward a ballot paper in the envelope to the member and shall indicate on his voting list of members the fact that such ballot paper has been issued and no further ballot paper shall be issued to the member. The Returning Officer shall not be responsible for the non delivery or any delay in delivery of the ballot paper through the post to the member. It shall be the member’s responsibility to ensure that the completed ballot paper is returned to the Returning Officer no later than the date for closing of the ballot as provided in Article 34 (k) (v) (a).

Post to: The Returning Officer, Chatswood RSL Club Limited, PO Box 5425, Chatswood West NSW 1515

5. In accordance with Article 34 (k) (v) (a) Notice is hereby given that the polling place for the above elections will be in the Victoria Avenue foyer of the Club at 446 Victoria Avenue, Chatswood, on the following dates and times:

Thursday	18th October, 2018	11:00 am - 7:00 pm
Friday	19th October, 2018	11:00 am - 7:00 pm
Saturday	20th October, 2018	11:00 am - 7:00 pm
Sunday	21st October, 2018	11:00 am - 7:00 pm

BERNARD (STEVE) GRACE
Returning Officer

Chatswood RSL Club Ltd
21ST August 2018

NOMINEES FOR DIRECTORSHIP 2018/2020

The following information on candidates for Club Directorship in 2018/2020 is offered by the candidates.

Peter Barry M. Fisher managed a hotel in Perth for two years and prior to that was an Administration Manager for the Spastic Centre of NSW for eight years. He has been on the board of Chatswood RSL Club since 1986 and was elected Club President in October 1995 to 2005. He became Deputy President in 2006 and again, President in 2007-2018 consecutively. He is a current Board member.

Garry J. Owen has been a Board member for 21 years and Membership Director from 1997-2004. He has resided in the Chatswood area for the past 44 years and has been a member of Chatswood RSL Club for the past 25 years. Employed by the National Australia Bank for some 37 years, Garry has held various managerial positions in the Sydney C.B.D. and on the lower North Shore. He retired in 2006. Having a keen interest in sport, Garry has been actively involved and held positions with various sporting clubs and has been involved in fund raising and charitable activities. Garry was President of Chatswood RSL Club in 2006 and was Deputy President in 2005 and 2007 - 2018 consecutively.

Margaret (Peggy) E. Wilton has been a member of this Club since 1977 and was a Club Director in 1991/92 and held the position of Assistant Promotions Director in 1994/95. She was involved with netball, both playing and coaching, for many years and is now involved with lawn bowls. Her working career has been with the Electricity Commission and AMP, and she was from 1988 to 1998 employed by Tierney & Partners Pty Ltd, Consulting Civil/Structural Engineers. She was appointed to the Board in January, 1994, and elected in October, 1994. She has been the Promotions Director since 1995 and is retired having been a consultant in a Financial Security Organisation. She is a current Board member elected in 1994 - 2018 consecutively.

Robert L. McLeod Bob currently resides in Berowra Heights and works for S&S Wholesale. Prior to this he lived in Chatswood for some 34 years and has been a member of the Club for that time. For 37 years he worked in the Finance & Administration area of some large corporations, specialising in credit management and was mostly recently employed by Computer Sciences Corporation as a Senior Collections Officer. Previous experience was gained when employed by Fuji Xerox, Mayne Logistics, Avis Australia, General Motors Acceptance Corporation and the ANZ Bank. He has held positions from Credit Controller to National Credit Manager. In these positions, Bob has gained skills in decision making and negotiation. Bob is a keen golfer and lawn bowler and has been involved with Chatz Social Golf Club, Willoughby Legion Bowling Club and Willoughby Park Bowling Club holding various administration positions. Bob was elected to the board of Chatswood RSL Club in 2005 to 2018 consecutively.

Notice of Annual General Meeting (continued)

Garry Brigden Garry was appointed to Chatswood RSL Clubs Board of Directors on 2nd August 2008 and elected in October 2008 for the period to October 2009 and then elected again to 2018. He holds the board position of House Director. Garry is a country boy having been born at Gulgong in the Central Tablelands, but has spent all of his working life in the Sydney metropolitan area. He is a retired public servant having worked for the Department of Defence (Navy) for 36 years. He has 3 children and 5 grandchildren. He has resided in the Lane Cove area for the last 22 years and has been a member of the RSL and Sub- Branch for the last 18. He has been the House Director of the RSL Club and Honorary Secretary of the Sub -branch for the last 10 years.

Garry, during his time in the Department of Defence (Navy), reached the higher levels of management within the Naval Support Command based in Sydney. During this time he was involved in decision making at the highest level in the areas of policy formation and implementation, personnel management, financial management and logistic operations. He brings the management attributes and considerable experience associated with these facets of club management to the position of Director.

He was conscripted in 1966 for 2 years and saw service in Vietnam in 1967/68. As a director he would support the current level of support afforded the sub branch and strive to promote the objectives of The Return Services League of Aust. (NSW) Branch.

An active sportsman in his younger years Garry still maintains a sporting interest through golf and bowls. More recently he has been elected as president of the recently established Chatswood RSL Social & Recreation Club, a position he has held for the last 2 years. Catering for all RSL Club members, his and his committee's focus has been on providing suitable group outings for veterans and senior members of the Club properly supervised and conducted in a safe environment.

Craig Murray was raised in Gordon and now resides with his family in Lane Cove. Craig first became a member of CHATSWOOD RSL CLUB 29 years ago and was elected as a director in 2012. Craig has a deep affection for the club and its values.

A NSW police officer for 16 years including 9 years as a police prosecutor, Craig left the police in 2008 as a sergeant and Acting State Licensing Co-ordinator, Legal Services. His primary role was to appear as an advocate throughout NSW in the Licensing Court and Liquor Administration Board and advise and lecture on liquor and gaming legislation to licensing police, local area commanders, OLG inspectors and the deputy commissioner. Craig was the winner of the prestigious Milne Trophy for public speaking and was a member of the NSW police debating team. He was awarded the NSW Police Medal and National Medal for long and diligent service along with the Commissioner's Olympic Citation. Craig holds a Bachelor of Laws, a Bachelor of Policing (Prosecutions) a Graduate Diploma of Legal Practice and is a Justice of the Peace. Throughout his Policing career Craig was also the voice of NSW Police for many internal and external radio and television campaigns relating to gun crime and public safety.

Admitted as a lawyer to the Supreme Court of NSW and High Court of Australia, Craig is now the principal solicitor of his own law firm and is a Law Society of NSW accredited criminal law specialist. Craig has been

recognised by The 'Doyle's Guide' as a Leading NSW Lawyer for the past 2 years. Craig has volunteered at radio 2RPH, reading the news over the air for the benefit of the visually impaired and at Radio Bedrock at the Westmead Children's Hospital. Craig occasionally acts in a pro bono capacity on behalf of the Law Society of NSW as a duty solicitor assisting those who cannot afford a lawyer. He also volunteers for the 'Moot Court' program, playing the role of 'Magistrate'. Craig has been an age manager and shot-put official for The Northern Suburbs Little Athletics Club where his children compete, and in the past season was the Vice President of the Club.

Craig is a member of the Chatswood RSL Remembrance Day Committee, Dawn Service Committee and the 'Movember' fund raising committee for men's mental health and prostate cancer. Craig is also a member of The Club Director's Institute of Australia and is a member of the Chatswood RSL Social and Recreation Club. Craig is a team player who has a strong track record as a Director of Chatswood RSL Club, monitoring and advising on issues affecting the club whilst promoting the objectives of the club for the benefit of all members.

Malcolm James Dimmock was born in Singleton and educated at Singleton Primary School. He later attended Maitland Boys High School to complete his secondary education. He then joined his father's motor dealership at Gresford, where he spent six years serving his apprenticeship as a motor mechanic.

In 1964 he came to Sydney to live, joining the firm of NOYES BROS PTY LTD, working as a service engineer, this involved assembling new cranes and draglines and servicing cranes, excavators and forklifts. In 1979 the company sent Malcolm to Japan where he spent two months at the UNIC crane factory and Nissan diesel factory, furthering his knowledge of both products. In 1982 Malcolm was made service manager of NOYES construction division.

In 1984 NOYES sent Malcolm to the Manitou Forklift Factory in France to study the building of Manitou forklifts. After negotiation between the two companies, Malcolm set up a team to build forklifts in Australia at NOYES St Leonards Workshops. Malcolm stayed with NOYES till the closure of the company in 1994. He then purchased the UNIC crane parts and set up his own business A & M CRANE SERVICE & PARTS servicing cranes and supplying parts Australia wide. In 2005 he sold the business, retired and took up bowls at the Willoughby Park Bowling Club.

He was appointed a director of Willoughby Park Bowling Club in 2006 and when the Secretary Manager / Licensee retired in 2008 he took over that position on a voluntary basis until retiring at the end of July 2013. He has a wide knowledge of the club industry, Malcolm has lived in the Lane Cove / Chatswood area for 50 years. He has two children and five grandchildren. He has been a member of Chatswood RSL Club since 2007.

Malcolm was appointed to the board of Chatswood RSL in 2013 and has been an active member of the board since his appointment. He has just completed cataloguing the Chatswood RSL Sub-Branch Library of nearly 600 books on computer and producing a hard copy for use in the Library. He is an Affiliate Member of the Chatswood RSL Sub-Branch. He is a Committee Member of the newly formed Social and Recreation Club where he helps arrange social outings and trips for our senior Club Members.

Notice of Annual General Meeting (continued)

He has recently moved to Vimiera Village at Marsfield with his wife and after taking up residency has been appointed Chairman of the Residents Committee. The committee has a very worthwhile cause as it sorts out the concerns of the elderly residents and liaises with management on their behalf.

John William Joseph McGrath Born – North Sydney 26 August 1941 at the Mater Hospital (One of the first babies born there). Family – One of eight, Father passed away at 50 years of age, leaving Molly, our mother to raise, guide and protect 8 little miracles. Education – Primary Mary McKillop, Mount Street, North Sydney. Senior – St Aloysius College – Milsons Point 9 years night classes including – accountancy, management marketing, land economics plus 12 months (Abridged) Industrial Arbitration through University of Sydney under the guidance of Judge Makin. 18 week course 1st training the trainer course to be held at Edgecliff by the Department of Labour and National Service. Work experience 2 years, casual, Soda Jerk – Greek Milk Bar. Concurrently 3 years, delivery boy for dad's pharmacy.

30 years Oil (Multi National Co) & Chemical Industry – retired as General Manager from Glendale Chemicals in the Olympic Year 2000. Maker of 1 Litre Bottles Turps, Kero & Metho with the Centaur Logo.

5 years club administration at another ex-servicemen's club and concurrently working as a casual sorter Australian Post – at times from 5 am till 8.30 pm. Hard work never hurt anyone!

Sport – Swimming –associated schools and oil industry carnivals – 25 years – still hold 55 yards HCP freestyle (swimming breastroke) @ Riverina Championships. Golf – Member Balgowlah, Narrandera, Muirfield, Lakes, Dunry League & Wentworth Country Clubs plus Chatswood RSL Social and Recreation Club. Rugby – Senior School, Northern Suburbs, Hornsby, Blue Mountains, Yanco and South Sydney (Captain and Coach) at SCG No 2. Bowls – Narrandera and Willoughby.

Other Sports – tennis, squash, athletics, rowing, fencing, snooker/ billiards, soccer, rugby league and Australian rules.

Current interest reading (2 book clubs) writing, bridge and Committee “CEC Healey” Memorial bring back the Boys Foundation. Member of The Asian Australian Friendly Association Thank you for the opportunity to service our club in the coming 12 months. Asset – ability to motivate others by innovation imagination. “That's all folks' and God Bless Australia.

PRESIDENT'S REPORT 2018

I respectfully present my Report for the financial year ending 30 June 2018.

We appreciate your ongoing support for the Club which has allowed us to prosper during this year.

Members have enjoyed the many benefits of the Club's rewards program as well as our various regular and seasonal promotions.

The new weekly members draw, \$5k Tuesdays, sees one lucky member take home \$4,000 every week. The monthly Fortune8 draws, held on the first Monday of each month, leaves one lucky member \$8,888 richer every month.

Regular weekly activities including bingo, poker, karaoke, mah-jong, line dancing, Tai Chi and senior's fitness classes continue to provide a range of varied and interesting activities for our members.

The important social value of Clubs in our communities cannot be effectively measured and is always underrated by those who don't attend Clubs, and, also, mostly by elements within the media.

Members can also enjoy the Malaysian Hawker style food offered by the "Ipoh Club" restaurant.

The newly renovated Club is now looking modern and sophisticated.

The Club is sustained by means of the earnings and profits from our electronic gaming machines, (EGM's), or poker machines. The Club's food Bistro and Cafe are not economically viable and charging members "market prices" on food items would only deter members from attending the Club. Being aware of this fact your Board of Directors requires management to ensure members' meals be provided at reasonable prices. The cost of food and its preparation and serving that food 365 days each year over a wide timeframe of "opening hours" is high-cost especially when including labour costs which now attract "on costs" of 26%.

The Board is also concerned that our Club membership and those in the community who desire it can purchase reasonably priced, substantial, and hot meals. Inexpensive meals and drinks can be valuable incentives to join and attend any Club.

The numbers of local food and beverage outlets have increased again this year as new and varied styles of cooking are offered in nearby restaurants and particularly at the Chatswood Railway Station and at the places known as "The District" and "Eat Street" and "Hawker Lane" at Chatswood Westfield. Chatswood and the general locality is a highly competitive leisure and restaurant district! New restaurants continue to open. The Club adopts an aggressive program to keep its products distinguishable from the products of other restaurants and leisure providers.

As expected utilities, electricity and gas, fuel effecting deliveries and wage costs have increased during the period and these operating expenses noticeably affect the prices of all goods, food, beverages and consumable supplies.

The Club's maintenance and depreciation expenses increased marginally, and respectively, as recent renovations are depreciated, and new and additional plant and equipment and EGM's are depreciated.

The Club's trading environment is unpredictable, because the Club's main source of income relies upon EGM "retention levels". This year

these retention level dropped to a low of 5.69% of turnover as opposed to 6.09% in the 2016-17. Nevertheless, the Club has managed to trade successfully, and your Directors are able to present a satisfactory bottom line result.

The Club has several regulatory obligations to provide members with certain information throughout the year. We can also provide this information to members via email, if the member requests this option. Unless you have requested otherwise, certain required information will be mailed to your home address. If you would prefer to receive information via email please contact the Membership Department at the Thomas Street reception or email membership@chatswoodrsl.com.au. The Club's Notice Board is situated on the First Floor in the corridor near the Ipoh Club Restaurant.

Please contact the Membership staff at the Thomas Street reception if you have changed your address or feel you should be receiving some mail from the Club and have not. We have 23,000 members plus and keeping up to date with address changes is critical and a regulatory requirement.

The Gordon Women's District Cricket Club continues as one of the Club's prominent annual sponsorship beneficiaries. The Club provides strong support by means of several activities to Chatswood High School and other North Shore Public High and Primary Schools. The North Shore High School's Music Spectacular has just completed its twelfth year of operation and this year 8 local High Schools participated. The Board is mindful that organised and supervised groups and team activities help integrate the youth of our society. Such activities assist in building a healthy socially orientated well behaved and patriotic community.

The 2017 AGM approved the amalgamation of the Pearl Club, located in Albert Avenue, and Chatswood RSL Club and the associated amendments to this Club's constitution. The pertinent application has been filed with the regulatory authority and both Clubs are expecting an outcome in October or November 2018.

ClubGRANTS, Community funding has helped many worthwhile organisations which have benefiting from the Club's EGM trading. In addition to these grants the Club provides free meeting rooms to several and diverse community groups and generously assists other needy groups with their fundraising which altogether benefit social needs.

The Board is very grateful to those members who assist the Club as volunteers. Our sincere thanks go to our annual election volunteers including our Returning Officer, his Deputy and his scrutineers. We thank Returning Officer Mr Steve Grace and his deputy Mr Max Bennett, and their team of scrutineers will provide election services in October 2018. We are all indeed grateful for your time so generously provided.

The Board is indebted to and grateful to the Committee of the Social Golf Club for providing members with well organised activities. Other members have voluntarily assisted the Club on ANZAC Day. Our members also assist the local community committee with the organisation of the ANZAC Dawn Service and VP Day commemoration and Remembrance Day ceremonies. We are indeed thankful to you all.

The "Chatswood RSL Social and Recreation Club" has increased its membership significantly. This Club provided organised activities including tours and outings for members and has become very popular.

Again, this year the sub-Branch and Club will organize a Remembrance Day Commemoration Service in the Garden of Remembrance on the 11th of November at 10.35 am. We cordially invite you to attend.

Please also be reminded of the ANZAC Day Dawn Service held in the Garden of Remembrance at 4.50 am each ANZAC Day. After the commemoration service those who attended are welcomed back at the Club for a cup of tea and to commemorate and socialise. Club members are offered a free lunch at the Club on ANZAC Day each year.

Thank you to my fellow Directors. Thank you most sincerely for your advice and the courtesies that you have extended to me over the year. We have worked well together to do the best we can by the members of the Club by whom we are elected.

Thank you to, Tony Snowsill our Club CEO, and, Andrew Hoschke our Operations Manager and all management for your most competent management for our Club. Sincere thanks also to each one of our Club Staff for your contributions to quality customer service and ultimately the success of the Club.

On behalf of your Board of Directors I would like to thank every one of our members who attended and supported our Club during the year. You have individually contributed to the ongoing success and viability of your Club.



P BARRY M FISHER

President

Chatswood RSL Club Ltd

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2018.

DIRECTORS

The names of the Directors of Chatswood RSL Club Limited (the "Club") in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

DIRECTOR	POSITION
P. Barry M. Fisher	President/Finance
Garry J. Owen J.P.	Deputy President
Margaret E. Wilton	Marketing & Promotions Director
Robert McLeod	Membership Director
Garry C. Brigden	House Director
Craig D. Murray	Director
Malcolm Dimmock	Director

COMPANY SECRETARY

R.A. (Tony) B, Snowsill, B. Business in Club Mngt., M. Gaming Mngt., ACCM, FCIA.

Company Secretary, Secretary Manager and CEO since 1984.

Company Secretary Club Properties and Club Properties (Chatswood) 1984 - 2006.

DIVIDENDS

The Club is a not-for-profit organisation and is prevented by its constitution and statute from paying dividends.

CLUB INFORMATION

Chatswood RSL Club Limited is a club limited by guarantee and without a share capital that is incorporated and domiciled in Australia.

The registered office of the Club is at 1 Thomas Street, Chatswood NSW 2067.

The entity employed 136 employees at 30 June 2018 (2017: 132 employees).

MEMBERSHIP

The number of members as at 30 June 2018 and the comparison with last year is as follows:

	2018	2017	2016
Ordinary Members	23,667	22,233	20,822
Honorary/ Life Members	5	5	5
RSL Club Members	135	139	140
	<u>23,807</u>	<u>22,374</u>	<u>20,966</u>

PRINCIPAL ACTIVITIES

The principal activities of the entity were those of a registered club and included the provision and promotion of social activities for members and their guests as well as supporting any of the objects of the Returned and Services League and all other objectives in accordance with the Constitution of Chatswood RSL Club Limited. There was no significant change in the nature of these activities during the current period.

SHORT AND LONG TERM OBJECTIVES

The short and long term objectives of the entity are to continue to provide and promote social activities for members and to support the objectives of the Returned and Services League in accordance with our Constitution. These objectives are achieved by continuing to renovate, upgrade and improve facilities for Club members.

MEASUREMENT OF SUCCESS

Chatswood RSL Club Limited focuses on three key areas - retaining current club membership numbers, renovating and upgrading existing Club facilities and where possible providing additional amenities or social activities.

Key achievements during the year included increasing membership numbers from 22,374 in 2017 to 23,807 in 2018. Introducing new and additional activities for Club members including new in-house promotions, and a wider variety of gaming machines. The Club's TAB area was renovated during the year.

MEMBERS' LIABILITY

In accordance with the Constitution of the Club, each member undertakes to contribute an amount of \$2.00 in the event of the winding up of the club during the time that person is a member or within one year thereafter.

REVIEW AND RESULTS OF OPERATIONS

Trading levels in the Bars increased modestly as did profits. Shades Café food and the Bistro trading losses increased as the Club promoted \$10 & \$15 meals, and, also, made as few prices increases as possible. Intense local food competition in the form of many new local restaurants and cafes, including "Eat Street", located in Railway Street and the two days per week lunch time Victoria Mall Food Stalls, together with restaurants in "The District" have all provided greater availability and variety of food to our clientele. Yet, in this increasingly competitive environment, the Club's food revenues have increased somewhat.

The TAB operation traded with notable losses, as expected, given the minimal commissions on sales and need for constant staffing required during the Club's long opening hours.

Poker machine revenues reduced significantly mainly due to restrictions of money transfers out of China and machine retention volatility. As patrons seek more interesting poker machine games manufacturers build in greater "thrill opportunities" and this causes the volatility of machines to increase. The Club's regular purchases of new gaming machines and regular renovations has held the interest of members and those who enjoy this outdoor gaming leisure activity.

Gaming revenues fluctuations are also affected by weather extremes. Other adverse trading effects include the often-general lack of business confidence and concerns about security of employment and increased utility expenses which seems to pervade our patrons' lives as well as concerns about the taking of adverse political decisions. Consumer

Directors' Report (continued)

confidence also appears to fluctuate considerably, and is currently at a low level, and this will also influence trading levels.

Periodic hot humid, wet and windy weather during the year diminished patronage.

All these trading factors mentioned caused poker machine net revenues to decrease by \$3,087,009. Moreover, gaming net revenues vary considerably as gaming machine "retention percentages" fluctuate. The decreased poker machine turnover and net revenue increase was unusual and concerns the volatility of newer gaming machines. Gaming revenues influence the Club's contributions to ClubGRANTS funding.

Direct costs or expenses were well managed and controlled in the trading departments. Wages increased as expected with approved wage increases and greater staffing numbers being required to operate amenities and increasing trade.

The business office at 5/8 Thomas Street, Chatswood, purchased in March 2015, at \$2 Million, and the second business office at 5/9 Railway Street, Chatswood provided additional income sources and the value of the properties is also expected to increase.

Operating profits, before tax, were reduced as Gaming Turnover was reduced. Expenditure controls helped offset increased depreciation and utility expenses and several other operational expenses. This year there was some minor disruption to the Club's operations due to the renovations in the TAB area.

The profit after tax of the club for the year ended 30 June 2018 was \$3,552,710 (2017: profit of \$6,343,366).

This resulted after an expense of \$3,327,735 (2017: \$3,209,076) for depreciation/amortisation and after an expense of \$327,708 (2017: expense of \$501,045) for income tax.

An analysis of the club's performance is as follows:

	2018	2017	2016
Profit from ordinary activities			
Before income tax	3,880,418	6,844,411	7,950,384
Income from poker machines	25,774,301	28,861,310	27,641,795
Bar sales	2,084,471	2,013,825	1,919,029
Catering sales	2,123,382	1,880,283	1,782,405

The Catering Section of the Club is operated for the benefit of Club members and to act as a member and visitor drawcard to the Club. This year all special discounted meal costs and other discounted meals were again not reimbursed at the full price levels as marketing expenditure. The loss was kept in the Catering Department, and shown in the accounts which reflect the dollar value of meals provided and the actual trading loss in that department.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Club.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

- (a) In November 2018 the Club is expecting to amalgamate with The Pearl Club subject to the approval of Independent Liquor and

Gaming Authority. The Pearl Club is part of the Mingara Group of Clubs. If approval is granted the Pearl Club will close and The Pearl Club's members will be offered membership of Chatswood RSL Club. The assets of the Pearl Club will be transferred to Chatswood RSL Club and the amalgamated clubs will be known as Chatswood RSL Club. The purchase price of the Pearl's assets is \$5.9 million. This has been approved in principle by the Independent Liquor and Gaming Authority.

- (b) The directors have identified a potential issue with superannuation being payable on honorariums and which has not in the past been paid. At today's date the matter is being reviewed in and any actual arrears amount cannot be quantified. At the October 23rd 2018 AGM an Ordinary Resolution will be put to Club Members seeking approval to pay the superannuation and arrears in accordance with ATO requirements. The NSW Registered Clubs Act, (Section 10.1(i)), also requires that Club members must approve such payments before they are made hence the Ordinary Resolution. The Directors are confident that the amount of the superannuation and arrears will not be material to the Annual Accounts.

There have been no other significant events occurring after balance date which may affect the Club's operations or results of those operations or the Club's state of affairs. However, the Board is always assessing business opportunities which may benefit the Club and its members.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The "Eat Street" and "The District" Food and Beverage areas in Railway Street and Victoria Avenue are proving to be another attraction to the western end of the CBD and thereby drawcards to attend the Club. Unfortunately, a number of these restaurants were not viable and have closed or changed hands.

Positive speculation about the Club's future trading environment must be tempered by the possible adverse effects of any political decisions that might unfavourably affect the Club's ability to provide leisure amenities to our members and their guests.

Trading in all departments is expected to increase marginally if The Pearl Club amalgamation eventuates.

The Board is considering plans which would involve the demolition and rebuilding of the area known as "Shades" so as to better provide increased amenities to our members. Other internal Club changes will have to occur to facilitate the operational needs of the Club if Shades is demolished.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Club's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Directors are not aware of any significant breaches during the period covered by this report.

In 2010-11 the Club achieved "Bronze Partner" status under the NSW State Government's Sustainability Advantage Program.

DIRECTORS' PARTICULARS

1. P. Barry M. Fisher
Board Member 32 years. House Director 1990-1995.
Director of Club Properties Pty Ltd until January 2001
Club President 21 years. Deputy President 2006

Directors' Report (continued)

- Life Member of the Club
Retired Hotel and Administration Manager
- 2. Garry J. Owen J.P.
Board Member 21 years. President 2006.
Deputy President 2005, 2007 - 2018
Membership Director 1997-2004.
Director of Club Properties Pty Ltd 2005 and 2006.
Life Member of the Club
Retired Bank Manager
- 3. Garry C. Brigden
Board Member 2008 - 2018
House Director 2008 - 2018
Retired Department Of Defence (Navy) Administrator
- 4. Margaret E. Wilton
Board Member since January 1994
Assistant Promotions Director 1994-1995.
Previously a Director of Chatswood RSL Club 1991-1992.
Promotions Director 1995-2018.
Life Member of the Club 2016
Retired Administrative Assistant
- 5. Robert McLeod
Board Member 2006 - 2018
Assistant Membership Director 2007-2013
Senior Collections Manager
Membership Director 2014 - 2018
- 6. Craig D Murray
Board Member Oct 2012 to 2018
NSW Police 16 years - left as Acting State Licensing
Co-ordinator, Legal Services
Practising Lawyer - NSW and High Court of Australia
- 7. Malcolm Dimmock
Board Member Aug 2013 to 2018
Retired, Club Manager

DIRECTORS' MEETINGS

The numbers of meetings of Directors (excluding meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	Number of meetings attended	Number of meetings held
P.B.M. Fisher	13	13
G.J. Owen, JP	11	13
M.E. Wilton	12	13
R.M. McLeod	13	13
Garry C. Brigden	13	13
C.D. Murray	12	13
Malcolm Dimmock	12	13

CORE PROPERTY

In terms of the Registered Clubs Act, the Club owns the property upon which it is situated in Chatswood. The property comprises 3,320 square meters with street frontages at 1 Thomas Street and 446 Victoria Avenue Chatswood. The site has been accumulated by the Club with purchases of adjoining properties since 1980. The core property is known as 1 Thomas Street Chatswood. The defined premises of the Club occupy this land.

NON-CORE PROPERTY

The non-core properties of the club are the following properties which do not constitute the defined premises or any facility provided by the club for the use of its members and their guests:

- 5/8 Thomas Street, Chatswood
- 5/9 Railway Street, Chatswood

DIRECTORS' AND OFFICERS' INDEMNITIES AND INSURANCE

INSURANCE PREMIUMS

The Club has provided for and paid several premiums during the year for and including, current Directors' and Officers' liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as directors or officers of the Club. In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION

The Board has agreed to indemnify current and former Directors against all liabilities to another person (other than the Club or a related body corporate) that may arise from their position as directors of the Club, except where the liability arises out of conduct involving a lack of good faith.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an Independence Declaration from our auditors, Ernst & Young. A copy has been included on page 46 of the Annual Financial Report.

Signed in accordance with a resolution of the Directors.



P.B.M. Fisher
Director

Chatswood
21ST August 2018



G.J. Owen
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue			
Operating activities	3(a)	31,215,737	33,970,632
		<u>31,215,737</u>	<u>33,970,632</u>
Other income	3(b)	467,642	396,903
Purchases, net of movement in inventories of finished goods		(1,824,748)	(1,660,952)
Employee benefits expense		(8,011,976)	(7,521,693)
Other expenses	3(c)	(14,638,502)	(15,131,403)
Depreciation expense	3(d)	(3,327,735)	(3,209,076)
Profit from continuing operations before income tax		<u>3,880,418</u>	<u>6,844,411</u>
Profit before income tax		<u>3,880,418</u>	<u>6,844,411</u>
Income tax benefit/(expense)	4	(327,708)	(501,045)
Net profit for the period		<u>3,552,710</u>	<u>6,343,366</u>
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		<u>3,552,710</u>	<u>6,343,366</u>

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	26,647,328	21,263,869
Trade and other receivables	6	139,505	179,999
Inventories	7	81,232	79,064
Income tax receivable		175,928	51,601
Other	8	267,393	321,396
Total Current Assets		<u>27,311,386</u>	<u>21,895,929</u>
Non-Current Assets			
Property, plant and equipment	9	30,603,884	32,726,019
Investment Properties	10	677,404	695,188
Intangibles	11	3,735,189	3,272,641
Total Non-Current Assets		<u>35,016,477</u>	<u>36,693,848</u>
TOTAL ASSETS		<u>62,327,863</u>	<u>58,589,777</u>

	Notes	2018 \$	2017 \$
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,910,048	1,745,475
Income tax payable		-	-
Provisions	13	1,018,342	1,051,762
Total Current Liabilities		<u>2,928,390</u>	<u>2,797,237</u>
Non-Current Liabilities			
Trade and other payables	12	116,094	102,145
Provisions	13	127,417	87,143
Total Non-Current Liabilities		<u>243,511</u>	<u>189,288</u>
TOTAL LIABILITIES		<u>3,171,901</u>	<u>2,986,525</u>
NET ASSETS		<u>59,155,962</u>	<u>55,603,252</u>
EQUITY FUNDS			
Retained earnings		59,155,962	55,603,252
TOTAL EQUITY FUNDS		<u>59,155,962</u>	<u>55,603,252</u>

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		34,381,854	37,356,166
Payments to suppliers and employees		(27,174,394)	(27,610,917)
Interest received		467,642	396,903
Income tax paid (received)		(452,035)	(665,887)
Net cash flows from operating activities		<u>7,223,067</u>	<u>9,476,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant, equipment and intangible assets		205,007	480,687
Purchase of property, plant and equipment		(1,580,569)	(5,241,881)
Purchase of intangible assets		(464,046)	(645,344)
Net cash flows used in investing activities		<u>(1,839,608)</u>	<u>(5,406,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in cash and cash equivalents		5,383,459	4,069,727
Cash and cash equivalents at beginning of year		21,263,869	17,194,142
Cash and cash equivalents at end of year		<u>26,647,328</u>	<u>21,263,869</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	\$
Equity Funds at 30 June 2016	49,259,886
Profit for the year	6,343,366
Equity Funds at 30 June 2017	55,603,252
Profit for the year	3,552,710
Equity Funds at 30 June 2018	59,155,962

30 June 2018

NOTES TO THE FINANCIAL STATEMENTS

1. CLUB INFORMATION

The financial report of Chatswood RSL Club Limited (the “Club”) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 21st August 2018.

Chatswood RSL Club Limited is a club limited by guarantee without a share capital and incorporated in Australia. The Club is a not-for-profit entity.

The nature of the operations and principal activities of the Club are described in the Directors’ Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a General Purpose Financial Report – Reduced Disclosure Requirements, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and the Gaming Machine Tax Act 2001. The accounting policies adopted are consistent with those of the previous financial year. The financial report has been prepared on a historical cost basis, except for land and buildings that have been measured at deemed cost.

Both the functional and presentation currency of Chatswood RSL Club Limited is Australian dollars (A\$).

(b) Statement of compliance

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting period ended 30 June 2018. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Club) and interpretations.

The financial report complies with Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) **Significant accounting judgements, estimates and assumptions**

(i) ***Significant accounting judgements***

In the process of applying the Club's accounting policies, management had made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Impairment of non-financial assets

The Club assesses impairment of all assets at each reporting date by evaluating conditions specific to the Club and to the particular asset that may lead to impairment. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

Assets acquired at no cost or for a nominal amount

The carrying value of property, plant and equipment and intangible assets, including poker machine entitlements, acquired at no cost or for a nominal amount has been determined based on historical cost.

(ii) ***Significant accounting estimates and assumptions***

Impairment of intangibles with indefinite useful lives

The Club determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 11.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(d) **Property, plant and equipment**

Land and buildings are measured at cost less accumulated depreciation. Land is not depreciated.

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Plant and equipment acquired at no cost or for a nominal amount, is recognised at fair value as at the date of acquisition. Subsequent to initial recognition, such plant and equipment is measured at cost, being the fair value at acquisition.

All non-current assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives. Assets are depreciated or amortised from the date of acquisition. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

Notes to the Financial Statements (continued)

The depreciation/amortisation rates used for each class of asset are as follows:

	2018	2017
Freehold land	Nil	Nil
Freehold Buildings:	40 years	40 years
Plant and equipment	1 to 20 years	1 to 20 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss and Other Comprehensive Income in the year the item is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use can in certain situations be calculated as the asset's depreciated replacement cost, which is the current replacement cost of the asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

(e) Investment properties

Investment properties is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses recognised at date of revaluation.

All investment property have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives. Investment properties are depreciated or amortised from the date of acquisition. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

When changes are made, adjustments are reflected prospectively in current and future periods only.

Investment properties are depreciated over an expected useful life of 40 years:

(f) Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets acquired at no cost or for a nominal amount, are recognised at fair value as at the date of acquisition.

Subsequent to initial recognition, such intangible assets are measured at cost, being the fair value at acquisition.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

(g) Impairment of assets

The Club assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or class of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate

Notes to the Financial Statements (continued)

that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Inventories

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

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(l) Provisions

Provisions are recognised when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Club expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when

the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods relates to sale of the Club's products (including food and beverage) and is recognised when the goods are provided to the customer.

Rendering of services

Revenue from rendering of services comprises revenue earned from the provision of gaming facilities together with other services to members and other patrons of the club. Revenue is recognised when the service is provided.

Poker machines

Revenue is recognised as the clearance from all machines net of payouts.

Membership

Membership fee is recognised on a basis that reflects the timing, nature and value of the benefits provided.

Interest

Revenue is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(n) **Income tax**

The Income Tax Assessment Act 1997 (Amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

(o) **Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Notes to the Financial Statements (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

The club does not expect its long service leave or annual leave to be settled wholly within 12 months after each reporting date. The Club recognises a liability for long service leave and annual leave 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.

	2018	2017
	\$	\$

3. REVENUE AND EXPENSES

(a) Operating activities

Revenue from sale of goods	4,207,853	3,894,108
Revenue from services	27,007,884	30,076,524
Total operating activities	31,215,737	33,970,632

(b) Other income

Interest - other persons/corporations	467,642	396,903
Total other income	467,642	396,903

(c) Other expenses

Net loss on disposal of property, plant and equipment	189,247	160,921
Entertainment & promotions	3,066,738	2,775,058
Repairs and maintenance	486,552	575,261
Poker machine duty and CDSE / Club Grants	7,241,776	8,183,498
Insurance	285,688	235,632
Printing & stationery	141,819	143,712
Security	440,277	410,138
Advertising	160,314	141,898
Electricity/Gas	381,639	327,587

	2018 \$	2017 \$
Other administrative, member services & facilities expenses	2,244,452	2,177,698
Total other expenses	14,638,502	15,131,403

(d) Depreciation expense

Depreciation of non-current assets		
Plant and equipment	2,155,693	2,024,616
Buildings	1,152,760	1,166,742
Software	1,498	1,571
Investment property (Note 10)	17,784	16,147
Total depreciation expenses	3,327,735	3,209,076

4. INCOME TAX

Major components of income tax expense for the years ended 30 June 2018 and 30 June 2017 are:

Current income tax

Current income tax charge	315,696	501,045
Adjustments in respect of current income tax of previous years	12,012	-
Income tax expense reported in Statement of Profit or Loss and Other Comprehensive Income	327,708	501,045

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Club's effective income tax rate for the years ended 30 June 2018 and 30 June 2017 is as follows:

Accounting profit before income tax	3,880,418	6,844,411
At the statutory income tax rate of 30% (2017: 30%)	1,164,125	2,053,323
Adjustments in respect of current income tax of previous years	12,012	-
Member only and non-deductible expenses	618,761	631,033
Effect of mutuality	(1,406,126)	(2,125,862)
Income from members only	(25,337)	(23,740)
Other items	(35,727)	(33,709)
Income tax expense	327,708	501,045
Effective income tax rate	8.45%	7.32%
Income tax expense reported in Statement of Profit or Loss and Other Comprehensive Income	327,708	501,045

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	26,647,328	21,263,869
Total cash and cash equivalents	26,647,328	21,263,869

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

Notes to the Financial Statements (continued)

	2018	2017
	\$	\$
Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	26,647,328	21,263,869
Total cash and cash equivalents	<u>26,647,328</u>	<u>21,263,869</u>

6. TRADE AND OTHER RECEIVABLES

Trade receivables	21,144	15,280
Other receivables	118,361	164,719
Total trade and other receivables	<u>139,505</u>	<u>179,999</u>

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Club's policy to transfer (on sell) receivables to special purpose entities..

7. INVENTORIES
Finished goods

Bar and catering at cost	81,232	79,064
Total inventories at lower of cost or net realisable value	<u>81,232</u>	<u>79,064</u>

8. OTHER

Security Deposit	5,000	5,000
Prepayments	262,393	316,396
Total other assets	<u>267,393</u>	<u>321,396</u>

9. PROPERTY, PLANT AND EQUIPMENT
Movement in non-current assets
Freehold land

Balance at beginning of the year	7,901,684	7,901,684
Transfer to investment property	-	-
Balance at the end of the year	<u>7,901,684</u>	<u>7,901,684</u>

Buildings

Net carrying amount at beginning of the year	16,261,003	15,987,486
Additions	-	1,485,417
Disposals	-	(45,158)
Transfer to investment property	-	-
Depreciation charge for the year	(1,152,760)	(1,166,742)
Balance at the end of the year - Net carrying amount	<u>15,108,243</u>	<u>16,261,003</u>

Plant equipment and furniture

Net carrying amount at beginning of the year	8,563,332	8,139,268
Additions	1,580,569	3,045,129
Disposals	(394,251)	(596,449)

	2018	2017
	\$	\$
Depreciation charge for the year	(2,155,693)	(2,024,616)
Balance at the end of the year - Net carrying amount	7,593,957	8,563,332
Total		
Net carrying amount at beginning of the year	32,726,019	32,028,438
Additions	1,580,569	4,530,546
Disposals	(394,251)	(641,607)
Depreciation charge for the year	(3,308,453)	(3,191,358)
Balance at the end of the year - Net carrying amount	30,603,884	32,726,019

a) Valuations

The freehold land and buildings at Victoria Avenue was independently valued at \$33,500,000 by AON on 31st March 2017.

The property at 5/8 Thomas Street Chatswood was independently valued at \$1,900,000 by AON on 31st March 2017.

10. INVESTMENT PROPERTY*Investment Property*

At cost	711,335	711,335
Accumulated Depreciation	(33,931)	(16,147)
Total written down amount	677,404	695,188

i) List of investment properties

The sole investment property of the Club is as follows:
Unit 5/9 Railway Street, Chatswood NSW 2067

ii) Valuation

The property at 5/9 Railway Street Chatswood was independently valued at \$685,000 by AON on 31st March 2017. The Directors' assessment of the fair value of investment properties takes into account the most recent independent valuation, with updates having regard to valuations of comparable properties and believe an impairment charge is not required for the investment property.

iii) Operating lease receivables

The investment property is currently 100% leased under a long term operating leases with rent payable monthly. The unexpired lease term as at 30 June 2018 is for 1 year.

Minimum lease payments receivable under the non-cancellable operating lease of the property is as follows:

	2018	2017
	\$	\$
Due within 1 year	29,250	45,600
Due between 1 year and 5 years	-	29,250
Total future operating lease receivables	29,250	74,850

Notes to the Financial Statements (continued)

	2018 \$	2017 \$
11. INTANGIBLES		
<i>Poker machine entitlements</i>		
At cost	3,269,455	2,625,439
Additions	459,016	644,016
Net carrying amount	<u>3,728,471</u>	<u>3,269,455</u>
<i>Software</i>		
At Cost	63,887	62,559
Additions	5,030	1,328
Accumulated depreciation	(62,199)	(60,701)
Net carrying amount	<u>6,718</u>	<u>3,186</u>
Movement in intangible assets		
<i>Poker machine entitlements/Software</i>		
Net carrying amount at beginning of the year	3,272,641	2,628,868
Additions	464,046	645,344
Disposals	-	-
Depreciation charge for the year	(1,498)	(1,571)
Balance at the end of the year - Net carrying amount	<u>3,735,189</u>	<u>3,272,641</u>

a) **Transferable Poker Machine Entitlements**

Poker machine licenses are carried at cost less accumulated impairment losses and have been determined to have indefinite useful lives. These assets were tested for impairment as at 30 June 2018 (see section (b) of this note). There were 306 transferable poker machine entitlements at 30 June 2018 (2017: 292).

b) **Impairment testing of Poker Machine Entitlements**

Management and the board have assessed the cash generating unit and determined that no signs of impairment were present at balance date.

(i) **Description of the cash generating unit and other relevant information**

Poker machine entitlements have been considered as one cash generating unit.

The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

(ii) **Carrying amount of poker machine entitlements allocated to the cash generating unit**

The carrying amount of poker machine entitlements with indefinite lives at 30 June 2018 for Club was \$3,728,471 (30 June 2017: \$3,269,455).

	2018	2017
	\$	\$
12. TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	1,869,072	1,706,759
Members fees in advance	40,976	38,716
Total current trade and other payables	<u>1,910,048</u>	<u>1,745,475</u>
Non-Current		
Members fees in advance	116,094	102,145
Total non-current trade and other payables	<u>116,094</u>	<u>102,145</u>

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are no interest bearing and are at call.

The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis.

(b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

	2018	2017
	\$	\$
13. PROVISIONS		
Current		
Employee entitlements	1,018,342	1,051,762
Total current provisions	<u>1,018,342</u>	<u>1,051,762</u>
Non-Current		
Employee entitlements	127,417	87,143
Total non current provisions	<u>127,417</u>	<u>87,143</u>

Nature and timing of provisions**(i) Employee entitlements**

Refer to note 2 respectively for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

14. CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may sell assets to reduce debt.

Notes to the Financial Statements (continued)

15. EVENTS AFTER BALANCE SHEET DATE

- a) In November 2018 the Club is expecting to amalgamate with The Pearl Club subject to the approval of Independent Liquor and Gaming Authority. The Pearl Club is part of the Mingara Group of Clubs. If approval is granted the Pearl Club will close and The Pearl Club's members will be offered membership of Chatswood RSL Club. The assets of the Pearl Club will be transferred to Chatswood RSL Club and the amalgamated clubs will be known as Chatswood RSL Club. The purchase price of the Pearl's assets is \$5.9 million. This has been approved in principle by the Independent Liquor and Gaming Authority.
- (b) The directors have identified a potential issue with superannuation being payable on honorariums and which has not in the past been paid. At today's date the matter is being reviewed in and any actual arrears amount cannot be quantified. At the October 23rd 2018 AGM an Ordinary Resolution will be put to Club Members seeking approval to pay the superannuation and arrears in accordance with ATO requirements. The NSW Registered Clubs Act, (Section 10.1(i)), also requires that Club members must approve such payments before they are made hence the Ordinary Resolution. The Directors are confident that the amount of the superannuation and arrears will not be material to the Annual Accounts.

There have been no other significant events occurring after balance date which may affect the Club's operations or results of those operations or the Club's state of affairs. However, the Board is always assessing business opportunities which may benefit the Club and its members.

	2018	2017
	\$	\$

16. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young Australia for:

• an audit or review of the financial report of the Club	39,375	38,100
• other services in relation to the Club	14,400	10,800
	53,775	48,900

17. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies as at 30 June 2018 (30 June 2017: None).

	2017	2016
	\$	\$

18. DIRECTORS AND EXECUTIVES DISCLOSURES

Compensation of Key Management Personnel

Short-term	677,949	660,188
Post employment	54,511	51,762
Total directors and executive disclosures	732,460	711,950

The amount disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel. At Chatswood RSL Club Limited, key management personnel is made up of the Directors, Chief Executive Officer and the Operations Manager.

19. RELATED PARTY DISCLOSURES

The Directors of Chatswood RSL Club Limited during the financial year were:

P.B.M Fisher

G.J. Owen

G.C. Brigden

M.E. Wilton

R. McLeod

C.D. Murray

M. Dimmock

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Chatswood RSL Club Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



P.B.M. Fisher
Director

Chatswood
21ST August 2018



G.J. Owen
Director



**Building a better
working world**

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CHATSWOOD RSL CLUB LIMITED

As lead auditor for the audit of Chatswood RSL Club Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

**Daniel Cunningham
Partner**

21ST August 2018



**Building a better
working world**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATSWOOD RSL CLUB LIMITED

Opinion

We have audited the financial report of Chatswood RSL Club Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 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 annual report, but does not include the financial report and our auditor's report thereon.

The other information comprises the Director's Report, Detailed Trading Profit & Loss Statement, Duty and ClubGrants and Sponsorship and Donations accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* 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 relating 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 judgment 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



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audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Ernst & Young

Sydney
21ST August 2018

**Daniel Cunningham
Partner**



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DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional financial information, being the attached Detailed Trading Profit & Loss and Duty and Club Grants and Sponsorship and Donations, has been compiled by the management of Chatswood RSL Club Limited.

No audit or review has been performed by us and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Chatswood RSL Club Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

Sydney
21ST August 2018

A handwritten signature in black ink that reads "Daniel Cunningham".

Daniel Cunningham
Partner

DETAILED TRADING PROFIT & LOSS

Annual Report 2018	2018 \$	2017 \$
BAR		
INCOME		
Sales	2,084,471	2,013,825
LESS: COST OF SALES		
Opening stock	50,579	59,479
Liquor purchases	736,440	694,671
	787,019	754,150
Closing stock	56,368	50,579
	730,651	703,571
GROSS PROFIT	1,353,820	1,310,254
LESS: DIRECT COSTS		
Wages	360,885	414,278
Bar Trading Checks	7,230	5,940
Bar Expenses	33,103	30,469
Payroll Tax	20,517	22,992
Depreciation	40,952	48,716
Glassware Replaced	8,230	9,526
Repairs & Maintenance	20,266	32,186
Superannuation	36,389	43,454
Cleaning	-	1,455
	527,572	609,016
NET PROFIT (LOSS) FROM TRADING	826,248	701,238
POKER MACHINES		
INCOME		
Poker Machines	25,774,301	28,861,310
LESS: DIRECT COSTS		
Wages	1,886,520	1,728,628
Payroll Tax	104,798	95,950
Depreciation/loss on sale	1,669,845	1,318,758
Repairs & Maintenance	210,230	263,436
Superannuation	185,863	181,351
Printing and Stationery	21,402	342
Duty and Club Grants	7,241,776	8,183,498
Promotional Prizes	118,769	162,402
Sundry Expenses	56,999	131,857
Amortisation leased asset	-	-
	11,496,202	12,066,222
NET PROFIT FROM TRADING	14,278,099	16,795,088

Detailed Trading Profit & Loss (continued)

	2018	2017
	\$	\$
KENO		
INCOME		
Commissions	69,179	47,783
LESS: DIRECT COSTS		
Wages	36,181	27,561
Payroll Tax	2,009	1,531
Repairs & Maintenance	4,429	5,409
Superannuation	3,563	2,893
Consumables	1,031	578
	<u>47,213</u>	<u>37,972</u>
NET PROFIT (LOSS) FROM TRADING	<u>21,966</u>	<u>9,811</u>
CATERING		
INCOME		
Sales	2,123,382	1,880,283
LESS: COST OF SALES		
Opening stock	28,485	26,971
Purchases	1,088,308	966,281
	<u>1,116,793</u>	<u>993,252</u>
Closing stock	24,864	28,485
	<u>1,091,929</u>	<u>964,767</u>
GROSS PROFIT	1,031,453	915,516
LESS: DIRECT COSTS		
Wages	1,233,564	1,013,149
Payroll Tax	62,766	56,043
Depreciation	16,763	20,249
Repairs & Maintenance	21,473	19,848
Superannuation	111,121	105,950
Sundry Expenses	46,048	46,770
Cleaning	17,744	14,679
	<u>1,509,479</u>	<u>1,276,688</u>
NET PROFIT (LOSS) FROM TRADING	<u>(478,026)</u>	<u>(361,172)</u>
TAB		
Commission Received	78,968	70,934
LESS: DIRECT COSTS		
Wages	180,566	181,672
Payroll Tax	10,023	10,091
Superannuation	17,782	19,059
Depreciation	9,892	4,800
General Expenses	54,043	50,189
	<u>272,306</u>	<u>265,811</u>
NET PROFIT (LOSS) FROM TRADING	<u>(193,338)</u>	<u>(194,877)</u>

	2018	2017
	\$	\$
INCOME		
Accumulated departmental profits	14,454,949	16,950,088
Commissions	136,257	158,876
Sundry Income	198,797	192,059
Interest received	467,642	396,903
Members subscription	84,456	79,134
Ticket sales	221,408	202,507
	<u>15,563,509</u>	<u>17,979,567</u>
EXPENDITURE		
Advertising	147,502	127,193
Audit fees	51,640	47,926
Bank charges	25,218	22,144
Cleaning and laundry	138,229	126,355
Courier Expenses	826	1,036
Depreciation & loss on sale of plant & equipment	1,664,977	1,691,784
Directors' Honoraria	65,500	60,250
Directors' professional development	7,695	12,154
Donations	30,156	60,198
Electricity and gas	381,639	327,587
Entertainment - shows and functions	177,607	180,868
Entertainment - bingo	186,892	182,914
Entertainment - Pay T.V.	61,625	56,333
General expenses	446,011	426,165
Human resources and training	661,502	597,795
Insurance	285,688	235,632
Membership and IT Expenses	461,413	421,839
Payroll tax	138,463	134,255
Printing, stationery and bulletin	111,841	136,686
Promotions	1,378,046	1,101,698
Provision for long service, sick and annual leave	6,854	95,456
Rates and taxes	174,520	186,079
Repairs and maintenance	225,380	252,311
Security	440,277	410,138
Shuttle Bus	142,316	139,048
Sporting expenses and sponsorship	50,410	47,431
Superannuation	245,550	253,561
Telephone	65,806	67,528
Tiered Loyalty	1,200,998	1,124,213
Wages - Administration, Cleaning, Door, Promotions	2,708,510	2,608,579
TOTAL EXPENSES	<u>11,683,091</u>	<u>11,135,156</u>
OPERATING PROFIT	<u>3,880,418</u>	<u>6,844,411</u>

DUTY AND CLUBGRANTS 2016 - 2017 AND SPONSORSHIP AND DONATIONS JULY 2017 - JUNE 2018

Duty and ClubGrants	FY 16/17	FY 17/18
Poker Machine Duty	7,534,019	6,704,818
CDSE - ClubGrants	529,303	530,043

CLUBGRANTS RECIPIENTS 2016/2017

1A Artarmon Girl Guides	Odyssey House Mcgrath Foundation
1st Sailors Bay Sea Scouts	Our Lady of Dolours Catholic Primary School
Action Foundation for Mental Health Inc	Phoenix House Youth Services Inc
Anglican Church Property Trust Dioceses of Sydney	Streetwork Incorporated
Autism Spectrum Australia (ASPECT)	Sunnyfield
Beating Time	Taldumande Youth Services
Chatswood Division of Sydney Legacy	The Humour Foundation
Chatswood High School	The Leukaemia Foundation of Australia Limited
Chatswood Junior Rugby Club	The Northcott Society
Chatswood RSL Social & Recreation Club	The Rotary Club of Chatswood
Chatz Social Golf Club	The Royal Life Saving Society NSW
DefenceCare (RSL NSW)	War Widows' Guild of Australia Ltd
Epilepsy Association	WGHS P&C
Haven Promotions	Wheelchair Sports NSW
Heart Research Australia	Willoughby City Council
KYDS Youth Development Service Incorporated	Willoughby Community Men's Shed Inc.
Learning Links	Willoughby District Junior Rugby League Football Club
Lower North Shore Multicultural Network	Willoughby Kids House Inc
Mosaic Multicultural Centre	Willoughby Park Bowling Bocce & Recreation Club Ltd
Northside Community Forum Limited	Willoughby Public School P&C Association
North Sydney Junior Baseball Association	
Northbridge Skipping Incorporated	

Sponsorships**FY 17/18**

Music Program	North Shore High School Music Spectacular
Sponsorship	Australian Veterans Children Assistance Trust
Sponsorship	Gordon District Cricket Club Women's Division
Sponsorship	Chatswood West Cricket Club

OTHER DONATIONS

Careflight
Drug Arm Australasia
Drug Awareness & Relief
Lions Club
Midnight Feast – Theatre Production
Movember
Neuroblastoma Australia
Nova Employment
Rotary Club Of Chatswood
Rotary Club Of Liverpool
Special Olympics Australia

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