



Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Financial Statements

For the Year Ended 31 December 2019

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Contents

For the Year Ended 31 December 2019

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	20
Independent Audit Report	21

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Directors' Report 31 December 2019

The directors present their report on Palm Beach RSL Sub-Branch Club Limited for the financial year ended 31 December 2019.

1. General information

Information on directors

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

Bryan Webster

Qualifications	Retired Regional Manager
Experience	15 years on the Board
Special responsibilities	President

John Oliver

Qualifications	Retired Sole Trader / Certified Engineer Draftsman
Experience	26 years on the Board
Special responsibilities	Vice President - House Committee

Neil Smith

Qualifications	Retired Director of 4 Public Companies
Experience	10 years on the Board
Special responsibilities	Treasurer - Finance Committee

James Woodward

Qualifications	Sole Trader / Photographer
Experience	9 years on the Board
Special responsibilities	Sports Committee

Christopher Hendrikson

Qualifications	Retired Production Planner / Purchasing Officer
Experience	12 years on the Board
Special responsibilities	Finance / Sports Committees

Gregory Womersley

Qualifications	Retired Technician
Experience	9 years on the Board
Special responsibilities	Sports Committee

Russell Marsh

Qualifications	Bus Operator / Operations Supervisor
Experience	8 years on the Board
Special responsibilities	House Committee

Robert Head

Qualifications	Retired Company Director
Experience	5 years on the Board
Special responsibilities	House Committee

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Directors' Report 31 December 2019

1. General information

Information on directors

Glen Babicci	
Qualifications	Warehouse Manager
Experience	3 years on the Board
Special responsibilities	Sports / House Committees

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

Principal activities

The principal activities of Palm Beach RSL Sub-Branch Club Limited during the financial year are those of a licensed club.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- Keep and maintain best facilities for members and grow profitability.
- Build our membership base.
- Remain financial and to build our cashflow to achieve the above.

Long term objectives

The Company's long term objectives are to:

- Maintain and improve facilities for its members.
- Grow our membership and to offer the best club house for our members.

Strategies for achieving the objectives

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

- The Company strives to attract and obtain quality staff.
- The Board encourages staff to maintain high standards to the members and provides staff with ongoing training in pursuit of this objective.
- The Board is committed to meeting high standards of governance and to providing clear professional accountability to members.

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Directors' Report

31 December 2019

1. General information

Strategies for achieving the objectives

- The Board maintains a thorough and careful control over the Company's finances to ensure the Company remains viable, and to allow continual refurbishment and maintenance of the facilities for members.

Members' guarantee

Palm Beach RSL Sub-Branch Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 per member, subject to the provisions of the company's constitution.

At 31 December 2019 the collective liability of members was \$ 5,386 (2018: \$ 4,418).

2. Other items

Future developments and results

The Directors do not anticipate any developments in the operations of the Company which will affect the results in subsequent years.

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Bryan Webster	12	12
John Oliver	12	10
Neil Smith	12	11
James Woodward	12	9
Christopher Hendrikson	12	9
Gregory Womersley	12	12
Russell Marsh	12	6
Robert Head	12	12
Glen Babicci	12	8

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Directors' Report

31 December 2019

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2019 has been received and can be found on page 5 of the financial report.

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

President:
Bryan Webster

Vice President:
John Oliver

28 February 2020



Morgan Veale & Co
Business Development Consultants
Chartered Accountants

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Principal: Kevin A Veale BA FCA

ABN 39 641 271 163

Private and Confidential

To the Directors of Palm Beach RSL Sub-Branch Club Ltd
1087 Barrenjoey Road
Palm Beach NSW 2108

Dear Directors,

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT
2001**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2019 there have been:

1. No contraventions of the auditor independence requirements as set out in the Corporations Act, 2001 (Cth) in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,

Morgan Veale & Co
Kevin Andrew Veale
Principal

Date: 28 February 2020

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
Bar sales	826,844	776,190
Poker machine takings	975,594	908,109
Bistro revenue	1,019,079	955,204
Commissions	43,777	38,311
Sundry income	84,974	152,176
Other income	108,158	103,316
Finance income	466	723
Total revenue	4 <u>3,058,892</u>	2,934,029
Employee benefits expense	(1,230,073)	(1,195,467)
Depreciation and amortisation expense	(170,528)	(203,584)
Other expenses	5 <u>(1,647,565)</u>	(1,593,085)
Profit / (loss) before income tax	10,726	(58,107)
Income tax expense	-	-
Profit / (loss) for the year	<u>10,726</u>	<u>(58,107)</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u>10,726</u>	<u>(58,107)</u>

The accompanying notes form part of these financial statements.

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Statement of Financial Position As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	430,185	438,258
Inventories	7	47,577	41,025
Other financial assets	8	750	750
Other assets	9	41,836	33,720
TOTAL CURRENT ASSETS		520,348	513,753
NON-CURRENT ASSETS			
Property, plant and equipment	10	500,431	512,566
Intangible assets	11	110,745	110,745
Right of use asset - leases		151,200	-
TOTAL NON-CURRENT ASSETS		762,376	623,311
TOTAL ASSETS		1,282,724	1,137,064
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	136,591	137,846
Short-term provisions	13	106,000	106,000
Employee benefits	15	195,756	207,958
Other financial liabilities	14	14,562	17,371
Lease liabilities		51,840	-
TOTAL CURRENT LIABILITIES		504,749	469,175
NON-CURRENT LIABILITIES			
Lease liabilities		99,360	-
TOTAL NON-CURRENT LIABILITIES		99,360	-
TOTAL LIABILITIES		604,109	469,175
NET ASSETS		678,615	667,889
EQUITY			
Retained earnings		678,615	667,889
TOTAL EQUITY		678,615	667,889

The accompanying notes form part of these financial statements.

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

2019

	Retained Earnings	Total
Note	\$	\$
Balance at 1 January 2019	667,889	667,889
Profit for the year	10,726	10,726
Balance at 31 December 2019	<u>678,615</u>	<u>678,615</u>
Balance at 1 January 2018	725,996	725,996
Loss for the year	(58,107)	(58,107)
Balance at 31 December 2018	<u>667,889</u>	<u>667,889</u>

The accompanying notes form part of these financial statements.

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Statement of Cash Flows For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,981,920	2,807,203
Payments to suppliers and employees	(2,897,645)	(2,863,989)
Interest received	466	723
Net cash provided by/(used in) operating activities	<u>84,741</u>	<u>(56,063)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant, equipment and licenses	54,010	124,885
Purchase of property, plant and equipment	(146,824)	(56,119)
Loans - payments made	-	(8,474)
Net cash provided by/(used in) investing activities	<u>(92,814)</u>	<u>60,292</u>
Net increase in cash and cash equivalents held	(8,073)	4,229
Cash and cash equivalents at beginning of year	<u>438,258</u>	<u>434,029</u>
Cash and cash equivalents at end of financial year	6 <u>430,185</u>	<u>438,258</u>

The accompanying notes form part of these financial statements.

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

The financial report covers Palm Beach RSL Sub-Branch Club Limited as an individual entity. Palm Beach RSL Sub-Branch Club Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Palm Beach RSL Sub-Branch Club Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 28 February 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

2 Summary of Significant Accounting Policies

(a) 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. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(b) Leases

Prior Treatment

Finance leases were capitalised, recording an asset and a liability.

Leased assets were depreciated over their estimated useful lives. Finance lease payments were allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remained with the lessor, were charged as expenses in the periods in which they were incurred.

New Accounting Standard Introduced

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019) replaces the previous accounting requirements. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(b) Leases

lease liability using the index or rate at the commencement date;

- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(e) Inventories

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

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Notes to the Financial Statements For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line or diminishing value basis over each asset's useful life to the Company, commencing when the asset is ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful lives.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Changes in the measurement of the liability are recognised in profit or loss.

(i) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2019. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements. However as additional information becomes known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue

Revenue from continuing operations

	2019	2018
	\$	\$
- Bar sales	826,844	776,190
- Bistro revenue	1,019,079	955,204
- Poker machine takings	975,594	908,109
Total Revenue from Operations	2,821,517	2,639,503

Other Income breakup

Commissions

- TAB Commission	5,505	6,009
- EFTPOS Commission	16,892	14,313
- APD snack foods	-	238
- Sundry commissions	-	1,765
- Cigarette commission	946	760
- Keno commission	19,557	13,619
- Chocolate machine	876	1,503
- Hot nuts commission	-	104

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

4 Revenue

Other Income breakup

Total commissions	<u>43,776</u>	<u>38,311</u>
Sundry income		
- Sundry income	455	8,027
- Profit on disposal of fixed assets and licenses	65,579	124,885
- Meat raffle	15,732	15,194
- Bingo revenue	2,749	3,243
- Merchandise revenue	459	827
Total sundry income	<u>84,974</u>	<u>152,176</u>
Other income		
- Gaming tax rebate	18,612	17,657
- Subscriptions	21,895	22,909
- Rent received	67,650	62,750
Total other income	<u>108,157</u>	<u>103,316</u>
Finance income		
- Bank interest	466	723
Total other income	<u>237,373</u>	<u>294,526</u>

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

5 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	\$	\$
Employee benefits expense	1,230,073	1,195,467
Depreciation and amortisation expense	170,528	203,584
Other expenses:		
- Advertising	19,528	16,717
- Auditors remuneration	12,059	11,945
- Bank charges	16,569	16,562
- Cable TV	43,374	43,947
- Cleaning	44,491	39,128
- Cost of sales	758,263	686,182
- Consulting and professional fees	1,382	1,894
- Bus Expenses	6,768	6,822
- Donations	1,739	877
- Electricity and water	65,807	69,283
- Fees and permits	1,827	1,685
- Functions	10,539	11,656
- Gas	29,056	28,645
- General Expenses	25,072	17,756
- Insurance	87,545	85,941
- Interest Expense	5,345	5,292
- IT Expenses	14,971	18,416
- Marketing Expenses	4,462	5,224
- Newsletter	7,390	13,086
- Poker Machine Expenses	75,742	63,205
- Printing and stationery	8,966	10,969
- Promotion	54,802	70,909
- Raffles	28,415	27,316
- Rates and taxes	64,932	77,453
- Rent Expense	68,577	61,332
- Repairs and maintenance	151,938	162,517
- Security costs	2,416	4,258
- Stamp duty	6,632	6,461
- Staff Training	4,960	334
- Subscriptions	5,369	5,212
- Telephone and fax	12,121	15,607
- Travel - domestic	3,752	4,171
- Uniforms	2,755	2,282
Total other expenses	1,647,564	1,593,084
Total expenses	3,048,165	2,992,135

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash on hand	81,000	81,000
Bank balances	349,185	357,258
	<u>430,185</u>	<u>438,258</u>

7 Inventories

Bar stock on hand at cost	26,612	25,984
Bistro stock on hand at cost	20,965	15,041
	<u>47,577</u>	<u>41,025</u>

8 Other Financial Assets

Investment in ILG shares	750	750
	<u>750</u>	<u>750</u>

9 Other Assets

Prepayments	41,836	33,720
	<u>41,836</u>	<u>33,720</u>

10 Property, plant and equipment

Plant and equipment		
At cost	529,465	1,194,340
Accumulated depreciation	(407,054)	(1,042,363)
Total plant and equipment	<u>122,411</u>	<u>151,977</u>
Motor vehicles		
At cost	28,512	28,512
Accumulated depreciation	(21,541)	(18,211)
Total motor vehicles	<u>6,971</u>	<u>10,301</u>
Office equipment		
At cost	73,622	135,386
Accumulated depreciation	(51,175)	(135,386)
Total office equipment	<u>22,447</u>	<u>-</u>
Leasehold Improvements		
At cost	719,538	1,196,816
Accumulated amortisation	(660,179)	(1,131,800)
Total leasehold improvements	<u>59,359</u>	<u>65,016</u>

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

10 Property, plant and equipment

Poker machines		
At cost	1,173,121	1,333,824
Accumulated depreciation	(883,878)	(1,048,552)
Total poker machines	<u>289,243</u>	<u>285,272</u>
Total property, plant and equipment	<u>500,431</u>	<u>512,566</u>

Movements in Carrying Amounts

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

	Plant and Equipment	Motor Vehicles	Office Equipment	Leasehold Improvement s	Poker machines	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	151,977	10,301	-	65,016	285,272	512,566
Additions	42,296	-	6,744	3,801	93,984	146,825
Disposals	(707,171)	-	(68,508)	(481,079)	(254,687)	(1,511,445)
Writeback depreciation	678,010	441	88,418	483,833	272,311	1,523,013
Depreciation expense	(42,701)	(3,771)	(4,207)	(12,212)	(107,637)	(170,528)
Balance at the end of the year	<u>122,411</u>	<u>6,971</u>	<u>22,447</u>	<u>59,359</u>	<u>289,243</u>	<u>500,431</u>

11 Intangible Assets

Poker machine licenses	110,745	110,745
	<u>110,745</u>	<u>110,745</u>

12 Trade and Other Payables

Trade payables	119,037	82,409
GST payable	31,010	32,756
Other payables	(13,456)	22,681
	<u>136,591</u>	<u>137,846</u>

13 Provisions

Provision for contingency maintenance	106,000	106,000
	<u>106,000</u>	<u>106,000</u>

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

14 Other Financial Liabilities

Deferred subscription income	14,562	17,371
	<u>14,562</u>	<u>17,371</u>

15 Employee Benefits

Provision for annual leave	89,966	107,788
Provision for long service leave	105,790	100,170
	<u>195,756</u>	<u>207,958</u>

16 Leasing Commitments

Operating leases

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	51,840
- between one year and five years	-	151,200
	<u>-</u>	<u>203,040</u>

Operating leases are in place for land and buildings and normally have a term between 1 and 5 years. AASB 16 Leases was introduced during the year.

17 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 towards meeting any outstandings and obligations of the Company. At 31 December 2019 the number of members was 2,693 (2018: 2,029).

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018: None).

19 Events after the end of the Reporting Period

The financial report was authorised for issue on 28 February 2020 by the Board of Directors.

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

20 Statutory Information

The registered office and principal place of business of the company is:

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Notes to the Financial Statements For the Year Ended 31 December 2019

20 Statutory Information

Palm Beach RSL Sub-Branch Club Limited
1087 Barrenjoey Road
Palm Beach NSW 2108

Palm Beach RSL Sub-Branch Club Limited

ABN 22 001 049 154

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 19, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

President
Bryan Webster

Vice President
John Oliver

28 February 2020



Morgan Veale & Co

Business Development Consultants
Chartered Accountants

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Mona Vale NSW 1660

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E: kevin@morganveale.com.au

Principal: Kevin A Veale BA FCA

ABN 39 641 271 163

Independent Audit Report to the Members of Palm Beach RSL Sub-Branch Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Palm Beach RSL Sub-Branch Club Limited (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year ended; and
- (ii) 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



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Auditor's Responsibilities for the Audit of the Financial Report

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

Morgan Veale & Co

Kevin A Veale
Principal

28 February 2020
Sydney, Australia