

2019 ANNUAL REPORT

ARMIDALE EX-SERVICES MEMORIAL CLUB LIMITED



ARMIDALE EX SERVICES MEMORIAL CLUB LIMITED
ACN 000 979 377

NOTICE OF ANNUAL GENERAL MEETING AND RESOLUTIONS

NOTICE is hereby given of the Annual General Meeting of **ARMIDALE EX SERVICES MEMORIAL CLUB LIMITED** to be held on **Wednesday, 25 September 2019** commencing at the hour of **6:00 pm** at the premises of the Club, Dumaresq Street, Armidale, New South Wales.

Note:

- Registrations will commence at **5:15 pm** and finish at **5:59 pm**.
- Doors will close at **6:00 pm**.

BUSINESS

The business of the meeting will be as follows:

1. Apologies.
2. To confirm the minutes of the previous Annual General Meeting held on 26th September 2018.
3. To receive and consider the President's Report, Chief Executive Officer's Report, Directors' Report, Financial Report and Auditor's Report for the financial year ended 30 June 2019. Copies of these reports are available on the Club's website (www.armidaleservices.com.au) or on request at the Club.

Note:

Members who have any questions in relation to any report are requested to submit their questions in writing to the Chief Executive Officer by 5:00pm on **Monday, 16th September 2019**. If questions are not submitted in this manner, the Club may not be able to provide a complete answer at the Annual General Meeting.

4. To consider the Ordinary Resolutions set out in this Notice.
5. To consider the Special Resolution set out in this Notice.
6. General business.

ORDINARY RESOLUTIONS

Procedural Notes on Ordinary Resolutions

1. Each Ordinary Resolution will be considered separately.
2. To be passed, an Ordinary Resolution must receive votes in favour from a majority (50% plus 1) of those members who, being eligible to do so, vote in person on the Ordinary Resolution at the meeting.
3. **Only Life members, financial Service members and financial General members are eligible to vote on the Ordinary Resolutions.**
4. The Registered Clubs Act provides that:
 - (a) members who are employees of the Club are not entitled to vote; and
6. The Board of the Club recommends the Ordinary Resolutions to members.

FIRST ORDINARY RESOLUTION

That:

- (a) The Members hereby approve and agree to expenditure by the Club in a sum not exceeding twenty thousand dollars (\$20,000.00) until the next Annual General Meeting of the Club for the following activities:
 - (i) The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.

- (ii) The reasonable costs (including meal, travel and accommodation expenses) of directors and their spouses/partners attending meetings, conferences, trade shows and functions conducted by ClubsNSW, the Club Managers Association and the RSL & Services Clubs Association and such other conferences and trade shows as determined by the Board from time to time.
- (iii) The reasonable cost of a meal and beverage for each director immediately before or immediately after, a Board or Committee Meeting on the day of that meeting, when that meeting corresponds with a normal mealtime.
- (iv) Reasonable expenditure by the Club on an annual dinner to give thanks to directors of the Club and their spouses/partners.
- (v) The reasonable expenses incurred by directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
- (vi) The reasonable cost of an electronic device (such as an iPad, tablet or other similar device) and internet access (if required) being made available to directors of the Club.
- (vii) The reasonable cost of directors attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
- (viii) 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.
- (ix) The reasonable cost of Club uniforms being provided to directors as required.
- (x) The provision of one (1) designated car parking space in the Club's car park for use by the President.
- (xi) The provision of one (1) designated car parking space in the Club's car park for use by the Vice President and ordinary directors.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors (and their spouses/partners in certain circumstances) of the Club.

Notes to Members on First Ordinary Resolution

1. The First Ordinary Resolution is to have the members in general meeting approve expenditure by the Club on directors (and their spouses/partners in certain circumstances) for a maximum amount of twenty thousand dollars (\$20,000.00) in respect of the matters set out in the First Ordinary Resolution.
2. Included in the First Ordinary Resolution is the cost of directors attending seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club.

SECOND ORDINARY RESOLUTION

That the members hereby approve:

- (a) The payment of the following honorariums to directors of the Club for services as directors of the Club until the next Annual General Meeting:

(i) President	-	\$8,500.00.
(ii) Vice President	-	\$4,500.00.
(iii) Ordinary Directors	-	\$4,000.00 each.
- (b) Such honorariums to be paid quarterly in arrears or in such other instalments as the Club and the President, Vice President or directors may agree from time to time.
- (c) If the President, Vice President or a director only holds office for part of the term, the honorarium shall be paid on a pro-rata basis.

Notes to Members on Second Ordinary Resolution

1. The Second Ordinary Resolution is to have the members approve honorariums for the directors of the Club for duties to be performed by them until the next Annual General Meeting.
 2. The honorariums will be paid on a pro-rata basis which means that if the President, Vice President or a director only holds office for part of the year, that person will only receive part of the honorarium.
 3. The amounts for the proposed honorariums are \$1,500 higher than the figures approved last year. The increases are proposed as there were no increase last year and to reflect the fact that directors of clubs are having to give more time to the performance of their governance and oversight duties.
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SPECIAL RESOLUTION

Procedural Notes on the Special Resolution

1. To be passed, a Special Resolution must receive votes in favour from not less than three-quarters (75%) of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
 2. **Only Life members, financial Service members and financial General members (who have been members of the Club for the ten (10) calendar years immediately preceding the date on which the Special Resolutions are to be considered) are eligible to vote on the Special Resolution.**
 3. Under the Registered Clubs Act:
 - (a) members who are employees of the Club are not entitled to vote; and
 - (b) proxy voting is prohibited.
 4. Amendments to the Special Resolution (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 the Special Resolution to members.
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That the Constitution of Armidale Ex Services Memorial Club Limited be amended by

- (a) **deleting** the full stop at the end of Rule 76(c), replacing it with a semi colon, and inserting the word "or" after the semi colon;
 - (b) **inserting** the following new Rule 76(d).
"by notifying the member in accordance with Rule 76A in the case of notices of general meetings."
 - (c) Inserting the following new Rule 76A:
"If a member nominates:
 - (a) *an electronic means (**nominated notification means**) by which the member may be notified that notices of general meetings are available and*
 - (b) *an electronic means (**nominated access means**) the member may use to access the notice of meeting;*
the Club may give the member notice of a meeting by notifying the member using the nominated notification means that:
 - (c) *the notice of meeting is available; and*
 - (d) *how the member may use the nominated access means to access the notice of meeting."*
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Notes to Members on Special Resolution

1. The Special Resolution makes minor amendments to the Club's Constitution in relation to sending notices of meeting.
2. Currently, unless a member nominates otherwise, the Club must send notices of meeting to members by post. A number of members have nominated to receive notices of meeting by email.
3. However, the Corporations Act also provides that a member can nominate an electronic means of receiving notice that the notice of meeting is available. That is, instead of having to send a notice of meeting to members, a member may elect to receive notices of general meetings by:

- (a) having the Club send to them a text message/sms advising them that the notice is now published on the Club's website;
 - (b) publishing the notice on the Club's website.
 - 4. Accordingly, if the Special Resolution is passed, the Club will be able to use even more forms of technology to engage with the membership and inform them that the notices of general meetings available.
 - 5. It is important to note that the new notification means only apply if a member elects to receive notice of meeting in that way. If a member does not elect to receive notices of meeting using technology, the Club will still send notices of general meeting to them by post.
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Dated: 24th July 2019

By direction of the Board

**Scott Sullivan
Chief Executive Officer**

Presidents Report

It is with pleasure that I write this year's report having been a board member of the Armidale Memorial Ex-Services club for 10 years. I have had the honour of being president of the club for the last 7 years. When I was first approached to join the board the management of the club had a dream of building a motel and finally 10 years later that dream is becoming a reality. The sewer diversion works which were essential to commence the motel project have now been completed and local company Rice Constructions were the successful tenderer for the construction of the motel. We look forward to working with Nick Rice and his team on this project.

The past 10 years has seen the continued growth and change for the club with the completion of projects including a complete replacement of the clubs air-conditioning system, the refurbishment of the main bar followed by a total renovation of the entire ground floor of the club. These improvements have been undertaken whilst remembering our core value of giving more back to the community. Our community projects like Servies Cross My Heart and Tour De Rocks have provided support both financially and in-kind to members of the Club and Armidale community.

As many local club's struggle both financially and with falling membership numbers, Servies continues to go from strength to strength completing all of these upgrades whilst returning a profit. The club strives to continue to invest in its membership and supporting our past and serving service personnel. The financial report indicates that the club has again posted a profit of \$600,000.00 for the year and through the sale of our Hobbit Pre School and sound financial management we are in a sound position to commence the motel project which we hope to see completed by the end of 2020.

On behalf of my fellow board members I must give thanks to the hard work of Club CEO, Scott Sullivan and Deputy CEO, Troy Gale and their team. We are fortunate to have a very dedicated team here at the Armidale Ex Services Memorial Club who make Servies the best Club in the region.

Finally I would like to thank Vice President Mark Bullen and my fellow Board members who have contributed to the successful management of the Club.

Brian Everett
President

CEO REPORT

This year has been exceptionally eventful thus far and it continues to be an exciting time at the Servies with the design works currently in progress and the construction works for the sewer diversion around the club in preparation for the motel development also in full progress.

This year's result (after income tax) compared to the previous year is as follows:

	<u>2019</u>	<u>2018</u>
• Profit from operations of the Club	\$ 612,069	\$ 511,407
• Surplus from Discontinued Operations (Hobbit Pre School)	\$ 369,467	\$ 5,554
• Profit from Cinema lease	<u>\$ 94,330</u>	<u>\$ 85,706</u>
Operating Surplus / (deficit) from company operations	<u>\$ 1,075,866</u>	<u>\$ 602,667</u>

Hobbit Divestment

A governance decision was made during the year to divest of the Hobbit Pre-School business in order to focus the club's resources and management activities onto the future motel development. I would like to take this opportunity to thank the families that attended Hobbit Pre-School and the diligent work and efforts of the management team and staff of Hobbit during the club's time of ownership.

New Motel Development

The Development Application received Armidale Regional Council approval on 5 October 2018 and club management expects work to start on the site soon. Upon the club receiving the development approval, we have been required to work through the various conditional issues including the sewer diversion works and negotiations.

The club has engaged Rice Construction Group Pty Ltd for the design and construction of the motel project which will now enable work to commence on the demolition, remediation and earthworks of the site to enable the motel building works to commence. Based on the scheduled timeframe around these works and the finalisation of the detailed design drawings of the motel, it is envisaged that the actual building works will commence at the end of 2019 or early 2012. The motel building works are then envisaged to take a further eleven to twelve months to complete.

Sewer Diversion Works in Preparation of the motel works

Due to a development consent condition, which would not enable the club to build over the existing sewer line that transverses the club's property, we were required to undertake extensive sewer diversion works, not only on the club's land, but also on the park adjacent to the club. The contracted fixed costs of these sewer works with the Armidale Regional Council were \$708,000 with a substantial portion of the costs being attributed to the handling and remediation of the contaminated soil associated with these works. The cost of the sewer diversion works is significant, but should these works not have been completed, it would not enable the motel project to proceed.

Air Conditioning Upgrade

In order to ensure that the club's amenities are being adequately maintained and are comfortable for the future, an upgrade to the club's current air conditioning plant has commenced in late May 2019, at a cost of \$609,885. This upgrade will see existing plant enhanced, along with renewed duct work performed throughout the ground floor areas of the club. These upgrades will also result in technology improvements which should assist with management of the club's significant electricity costs.

Industry Awards

The Servies has again tasted industry recognised success in that the club has reached the finalists stages in both the "Clubs & Community Awards" and the "Chefs' Table". These annual awards are very prestigious industry awards and the club is proud to have again achieved this level of industry recognition.

I would like to thank and acknowledge the team of staff and management at the Servies for their contribution, effort and support throughout the year. The club continues to deliver not only a strong financial performance, but enormous community support and economic benefit as a result of their efforts.

I would also like to thank the club's board members who contribute their time ensuring that the Board fulfils its responsibilities as stewards of the club's assets in a professional and compliant manner and constantly strives to perform to its best to ensure the club's long-term viability and success on behalf of you, the members.

Finally, I'd like to again thank all members for their ongoing support and patronage of the Club. Without the continued support of our members we are unable to reinvest in new facilities, our current facilities, and indeed the local community.

Scott Sullivan

Chief Executive Officer

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

<u>Contents</u>	<u>PAGE</u>
Directors' Report	1
Auditors' Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statement	9
Directors' Declaration	22
Independent Auditors' Report	23

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Your directors present their report on the company for the financial year ended 30 June 2019.

Principal Activities

The company's principal activities are the operation of a licensed registered club providing amenities to members.

These principal activities assist in achieving the short term and long term objectives of the company by:

- providing entertainment, dining, gaming and social facilities for members and the community.
- providing sporting facilities for the members and the community.
- providing turnover, cash flow and profit to meet the financial objectives of the company.

Short and Long Term Objectives of the Company

The company has identified the following short term objectives:

- to maintain the clubs core business growth.
- to provide services to members commensurate with industry needs and regulatory requirements.
- to commence the development of a motel operation.
- to continue to improve the clubs facilities for members.
- to continue to develop the IT within the club.

The company has identified the following long term objectives:

- to investigate improvements and extensions to existing member car parking facilities.
- to continue to explore business diversification avenues to reduce reliance on current core business revenue.

Strategies

The company has adopted the followings strategies in order to achieve these objectives:

- the preparation of an annual budget for financial performance and the regular review of the company performance against the budget by management and directors.
- the preparation of a business strategic plan to identify the opportunities and strengths of the company to provide for a sustainable future.
- close monitoring of current business activities and cashflow returns to financially plan the strategies.

Performance Measurement

The company uses the following key performance indicators to measure performance:

- Profit, before income tax expense for continuing operations, for the financial year was \$765,043 (2018: \$639,000).
- Cash flow from operating activities for the financial year was \$1,777,636 (2018: \$1,372,618).
- Membership for the financial year was 6,370.

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Directors Information

Directors

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

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Brian D Everett	President	Appointed 29 June 2009	Self employed fire, safety and security business proprietor. Appointed as President on 28 November 2012.
Mark D Bullen	Vice President	Appointed 12 October 2007	Self employed bicycle shop proprietor
Peter A Georkas	Director	Appointed 24 January 2018	Self employed real estate agent
John M Hamel	Director	Appointed 17 October 2004	Self employed grazier
Grant McCarroll	Director	Appointed 20 August 2014 Resigned 28 February 2019	Self employed motor vehicle dealership proprietor
Paul J Kennedy	Director	Appointed 22 November 2017	Owner and operator of local freight distribution business.
Sue Nelson	Director	Appointed 6 June 2016	Retirement village manager and former business owner

Meetings of Directors

During the financial year, 13 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Brian D Everett	13	9
Mark D Bullen	13	11
Paul J Kennedy	13	13
Peter A Georkas	13	10
John M Hamel	13	12
Grant McCarroll	8	4
Sue Nelson	13	11

Company Secretary

Scott Sullivan was appointed as the Company Secretary on 5 February 2013. Scott is a Chartered Accountant with a Bachelor of Financial Administration.

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Membership Details

The Armidale Ex-Services Memorial Club Ltd is a public company limited by guarantee and no shares or options are issued. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company.

Membership Class	Number of Members	Individual Members Contribution on winding up of Company	Total Members Contribution on winding up of Company
General Members	6,140	\$ 1	\$ 6,140
Service Members	229	\$ 1	\$ 229
Life Members	1	\$ 1	\$ 1
Total	6,370	\$ 1	\$ 6,370

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to these financial statements.

Signed in accordance with a resolution of the Board of Directors



Brian D Everett
President



Mark D Bullen
Vice President

Dated: 28 August 2019

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATION ACT 2001
TO THE DIRECTORS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LIMITED
ABN 61 000 979 377**

I declare that, to the best of my knowledge and belief, during the financial year to 30 June 2019 there have been:

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

CROWE HORWATH CENTRAL NORTH

**Kylie Ellis****Audit Partner**

Registered Company Auditor (ASIC RAN 483424)

90 Rusden St

ARMIDALE NSW 2350

Dated: 28 August 2019

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Sales revenue	2	2,827,390	2,836,436
Cost of goods sold	3	<u>(1,923,156)</u>	<u>(1,812,459)</u>
Gross profit		<u>904,234</u>	<u>1,023,977</u>
Other revenue	2	4,849,086	4,444,674
Advertising and promotional expenses		(1,088,162)	(1,103,096)
Depreciation expense		(679,535)	(677,771)
Loss on disposal of fixed assets		(21,874)	(7,071)
Employee benefits expense		(1,971,214)	(1,928,467)
Finance costs		(10,614)	(20,920)
Occupancy costs		(933,995)	(829,090)
Other expenses		<u>(282,883)</u>	<u>(263,236)</u>
Surplus before income tax expense attributable to members		765,043	639,000
Income tax revenue/(expense)	1(b), 4	<u>(58,643)</u>	<u>(41,887)</u>
Surplus from continuing operations		706,399	597,113
Surplus from discontinued operations	5	<u>369,467</u>	<u>5,554</u>
Surplus after income tax expense		<u>1,075,866</u>	<u>602,667</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to members		<u>1,075,866</u>	<u>602,667</u>

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,135,805	1,004,330
Trade and other receivables	7	5,248	32,973
Inventories	8	50,092	66,872
Financial assets	9	1,600,000	-
Other current assets	10	76,336	57,097
TOTAL CURRENT ASSETS		2,867,481	1,161,272
NON CURRENT ASSETS			
Property, plant and equipment	11	8,746,737	9,080,932
Deferred tax assets	15	10,135	20,315
Intangible assets	12	60,000	60,000
TOTAL NON CURRENT ASSETS		8,816,872	9,161,247
TOTAL ASSETS		11,684,353	10,322,519
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	871,431	697,083
Current tax liabilities	15	151,910	22,971
Employee benefits	16	141,196	143,311
Other liabilities	17	42,773	53,220
TOTAL CURRENT LIABILITIES		1,207,310	916,585
NON CURRENT LIABILITIES			
Borrowings	14	-	5
Employee benefits	16	21,764	21,667
Other liabilities	17	4,691	9,540
TOTAL NON CURRENT LIABILITIES		26,455	31,212
TOTAL LIABILITIES		1,233,765	947,797
NET ASSETS		10,450,588	9,374,722
EQUITY			
Retained surpluses		10,450,588	9,374,722
TOTAL EQUITY		10,450,588	9,374,722

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Surpluses \$	Total \$
Balance at 1 July 2017	8,772,055	8,772,055
Surplus after income tax expense	602,667	602,667
Total other comprehensive income for the year	-	-
Balance at 30 June 2018	<u>9,374,722</u>	<u>9,374,722</u>
Surplus after income tax expense	1,075,866	1,075,866
Total other comprehensive loss for the year	-	-
Balance at 30 June 2019	<u>10,450,588</u>	<u>10,450,588</u>

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,547,337	8,382,377
Payments to suppliers and employees		(6,763,271)	(6,969,280)
Interest received		35,559	12,825
Finance costs		(10,614)	(20,920)
Income tax paid		(51,934)	(32,384)
Net cash provided by operating activities		<u>1,757,077</u>	<u>1,372,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		956,475	30,606
Purchase of property, plant and equipment		(982,072)	(715,083)
Net payment to investments		<u>(1,600,000)</u>	<u>-</u>
Net cash (used in)/provided by investing activities		<u>(1,625,597)</u>	<u>(684,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		<u>(5)</u>	<u>-</u>
Net cash provided by/(used in) financing activities		<u>(5)</u>	<u>-</u>
Net (decrease)/increase in cash held		131,475	688,141
Cash at the beginning of the financial year		<u>1,004,330</u>	<u>316,189</u>
Cash at the end of the financial year	6 (a)	<u>1,135,805</u>	<u>1,004,330</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements cover Armidale Ex-Services Memorial Club Limited as an individual entity. Armidale Ex-Services Memorial Club Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

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

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

The financial statements were authorised for issue by the directors on 28 August 2019.

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvements in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

(b) Income Tax

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

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

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

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

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

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

Current tax assets and liabilities are offset where a legally enforceable right to set-off exists and is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, and the deferred tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

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

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

(f) Inventories

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

(g) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at cost less depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 13%
Plant and equipment	5 - 40%
Poker machines	20%
Bowling greens and equipment	5 - 20%

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

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

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

(h) Intangibles

Poker Machine Entitlements

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

(i) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the receivable amount of the cash-generating unit to which the asset belongs.

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

(j) Trade and Other Payables

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

(k) 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(l) 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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(n) Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Impairment of indefinite life intangible assets

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

Employee benefits provision

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

Business Combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(o) Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company, and which:

- represents a separate major line of business or geographic area of operations;
- is a part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- or is component acquired exclusively for resale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss or other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(p) Changes in accounting policy, disclosures, standards and interpretations

The company has applied AASB 9 for the first time. The nature and effect of the changes as a result of the adoption of AASB 9 are described below. The impact of adoption of AASB 9 is not considered material.

Several amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the company.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied AASB 9 retrospectively, with the initial application date of 1 January 2018. AASB 9 has not resulted in changes in the carrying amount of the company's financial instruments due to changes in classification and measurement categories.

Given the general quality of the company's trade receivables, there will be no material impact on the introduction of an expected-loss impairment method.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the company for the annual reporting period ending 30 June 2019. The directors have not early adopted any of these new or amended standards and interpretations. The directors are in the process of assessing the impact of AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019), AASB 1058 *Income of Not-for-Profit Entities* (effective 1 January 2019) and AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Note 2: Revenue			
Sales revenue:			
Bar sales		982,643	996,314
Catering and function sales		1,281,231	1,309,528
Other trading income		563,516	530,595
		<u>2,827,390</u>	<u>2,836,437</u>
Other revenue:			
Interest received from other persons		35,559	12,825
Membership subscriptions		19,457	25,808
Poker machines income		4,625,892	4,223,323
Pre-school fees received		-	-
Pre-school funding received		-	-
Rent received		111,034	109,064
Other income - Club		57,144	73,654
Other income - Pre-school		-	-
		<u>4,849,086</u>	<u>4,444,674</u>
Total revenue from operating activities		<u>4,849,086</u>	<u>4,444,674</u>
Total revenue		<u>7,676,476</u>	<u>7,281,111</u>
Note 3: Surplus before Income Tax Expense			
(a) Significant expenses			
Cost of sales		1,923,156	1,812,459
Donations and sponsorships		198,879	219,396
Member benefits		819,843	792,244
Depreciation expense		679,535	677,771
Salary and wages		1,644,639	1,589,331
Superannuation		154,247	146,660
Cleaning and waste removal		250,460	259,007
Electricity and gas		256,109	236,563
Director expenses		-	-
Repairs and maintenance		258,719	173,465
Note 4: Income Tax Expense			
(a) The prima facie tax on surplus from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on surplus from ordinary activities before income tax at 27.5% (2018: 27.5%)		348,404	177,253
Add: Tax effect of;			
Non deductible exempt expenses		1,565,649	1,518,909
Deferred tax asset		10,180	2,023
Less: Tax effect of;			
Exempt income		(1,733,180)	(1,656,298)
Income tax expense/(revenue) attributable to the company		<u>191,053</u>	<u>41,887</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	\$	\$

Note 5: Discontinued Operations

In December 2018 the Company sold the Hobbit Preschool. Management committed to a plan to sell this enterprise following a strategic decision to place greater focus on the Company's core operations and motel development.

The enterprise was not previously classified as held-for sale or as a discontinued operation. The comparative statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The financial performance of the discontinued operation to the date of sale which is included in profit/loss from discontinued operations in the income statement is as follows:

Revenue	279,148	638,286
Expenses	(293,375)	(632,732)
Results from operating activities	(14,227)	5,554
Income tax	-	-
Results from operating activities net of tax	(14,227)	5,554
Gain on sale of discontinued operation	516,104	-
Income tax on gain on sale of discontinued operation	(132,410)	-
Profit/(loss) from discontinued operations, net of tax	369,467	5,554

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Note 6: Cash and Cash Equivalents			
Cash on hand - Club		203,082	240,305
Cash on hand - Pre-school		-	200
Cash at bank - Club		932,723	745,300
Cash at bank - Pre-school		-	18,525
		<u>1,135,805</u>	<u>1,004,330</u>
(a) Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		<u>1,135,805</u>	<u>1,004,330</u>
		<u>1,135,805</u>	<u>1,004,330</u>
Note 7: Trade and Other Receivables			
CURRENT			
Trade receivables - Club		5,248	8,262
Trade receivables - Pre-school		-	12,682
Other receivables - Pre-school		-	12,029
		<u>5,248</u>	<u>32,973</u>
Note 8: Inventories			
CURRENT			
Stock on Hand, at cost - Club		<u>50,092</u>	<u>66,872</u>
Note 9: Financial assets			
CURRENT			
Held-to-maturity financial assets			
- term deposits - Club		<u>1,600,000</u>	<u>-</u>
Held-to-maturity assets comprise term deposits with financial institutions. There are fixed rate returns upon maturity of these assets.			
Note 10: Other Assets			
CURRENT			
Accrued income - Club		20,559	-
Bonds paid - Club		5,500	5,500
Prepayments - Club		50,277	47,324
Prepayments - Pre-school		-	4,273
		<u>76,336</u>	<u>57,097</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Note 11: Property, Plant & Equipment			
Land and Buildings (at cost)			
Capital works in progress - Club		<u>232,137</u>	<u>167,207</u>
Freehold land and buildings - Club		<u>6,640,853</u>	<u>6,640,853</u>
Less: Accumulated depreciation		<u>(1,097,168)</u>	<u>(885,389)</u>
		<u>5,543,685</u>	<u>5,755,464</u>
Freehold land and buildings - Pre-school		-	373,634
Less: Accumulated depreciation		-	(29,055)
		-	<u>344,579</u>
Buildings - Theatre Complex		<u>987,700</u>	<u>987,700</u>
Less: Accumulated depreciation		<u>(566,025)</u>	<u>(555,213)</u>
		<u>421,675</u>	<u>432,487</u>
Buildings - Motel		<u>118,929</u>	-
Less: Accumulated depreciation		-	-
		<u>118,929</u>	-
Total Land and Buildings		<u>6,316,426</u>	<u>6,699,737</u>
Plant and Equipment (at cost)			
Plant and equipment - Club		<u>2,399,056</u>	<u>2,203,050</u>
Less: Accumulated depreciation		<u>(1,407,818)</u>	<u>(1,249,851)</u>
		<u>991,238</u>	<u>953,199</u>
Plant and equipment - Pre-school		-	69,265
Less: Accumulated depreciation		-	(54,996)
		-	<u>14,269</u>
Poker machines - Club		<u>2,757,673</u>	<u>2,700,335</u>
Less: Accumulated depreciation		<u>(1,450,467)</u>	<u>(1,434,161)</u>
		<u>1,307,206</u>	<u>1,266,174</u>
Motor vehicles - Club		<u>64,032</u>	<u>64,032</u>
Less: Accumulated depreciation		<u>(27,814)</u>	<u>(22,367)</u>
		<u>36,218</u>	<u>41,665</u>
Bowling greens and equipment - Club		<u>139,083</u>	<u>152,068</u>
Less: Accumulated depreciation		<u>(43,434)</u>	<u>(46,180)</u>
		<u>95,649</u>	<u>105,888</u>
Total Plant and Equipment		<u>2,430,311</u>	<u>2,381,195</u>
Total Property, Plant and Equipment		<u>8,746,737</u>	<u>9,080,932</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
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(a) Movements in carrying amounts

	Land and Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of the year	6,699,737	2,381,195	9,080,932
Additions	183,859	798,213	982,072
Disposals	(344,579)	(291,757)	(636,336)
Depreciation expense	(222,591)	(457,340)	(679,931)
Carrying amount at the end of the year	6,316,426	2,430,311	8,746,737

(b) No impairment has been recognised in respect of plant and equipment.

Note 12: Intangible Assets

Poker machine entitlements (at cost)	60,000	60,000
	60,000	60,000

Poker Machine Entitlements

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

Poker machine entitlements have been impairment tested using calculations of the higher of fair value, less costs to realise, and value in use. The directors believe that the carrying amount of poker machine entitlements are not impaired and annual impairment testing will be conducted at 30 June 2019.

Note 13: Trade and Other Payables

CURRENT

Unsecured liabilities;

Trade payables - Club	476,554	269,186
Poker machine duty payable - Club	80,716	66,508
Sundry payables and accrued expenses - Club	202,054	183,149
Sundry payables and accrued expenses - Pre-school	-	44,108
GST and PAYG payable - Club	112,107	131,790
GST and PAYG payable - Pre-school	-	2,342
	871,431	697,083

Note 14: Borrowings

NON CURRENT

Secured Liabilities;

Bank loan	-	5
Total Borrowings	-	5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Note 15: Tax assets and liabilities			
(a) Liabilities			
CURRENT			
Income tax		<u>151,910</u>	<u>22,971</u>
(b) Assets			
NON-CURRENT			
Deferred tax asset		<u>10,135</u>	<u>20,315</u>
Note 16: Employee Benefits			
CURRENT			
Employee benefits - Club		141,196	129,799
Employee benefits - Pre-school		<u>-</u>	<u>13,512</u>
		<u>141,196</u>	<u>143,311</u>
NON-CURRENT			
Employee benefits - Club		21,764	16,770
Employee benefits - Pre-school		<u>-</u>	<u>4,897</u>
		<u>21,764</u>	<u>21,667</u>
Provision for employee benefits			
A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.			
Note 17: Other Liabilities			
CURRENT			
Other income received in advance - Club		42,773	47,044
Other income received in advance - Pre-school		<u>-</u>	<u>6,176</u>
		<u>42,773</u>	<u>53,220</u>
NON-CURRENT			
Other income received in advance - Club		<u>4,691</u>	<u>9,540</u>
		<u>4,691</u>	<u>9,540</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$

Note 18: Capital and Leasing Commitments

The amounts committed at each year end are as follows;

Air conditioning upgrade		609,885	-
Sewer upgrade		566,400	-
Architectural and Planning Consultants		-	75,598
		1,176,285	75,598

The lease of the land which the Club car park is situated has expired during the 2017 financial year and is now ongoing on a month by month basis. This lease was a peppercorn lease requiring payment of \$1 per year. The club is currently in negotiation with Council in respect of renewing the lease at commercial rates or purchasing the land.

Note 19: Events After the End of the Reporting Period

The following matters have occurred subsequent to the end of the financial year;

- On 11 July 2019 the Club entered an agreement with Rice Constructions Group Pty Ltd for construction of Stage 1 of a motel development which is to include;
 - demolition of existing buildings on site;
 - remediate the site in accordance with the requirements of the development consent issued by the Armidale Regional Council;
 - complete the bulk earthworks;
 - Prepare a full set of construction drawings for the project in accordance with the requirements of the Principal set out in the document entitled "Armidale Ex-Services Memorial Club Ltd Motel Development Project Requirements 2019"

- On 28 August 2019 the Directors authorised a Letter of Offer from CBA for \$7.5m in relation to funding the motel project along with relevant security documents.

Other than the matters noted above, no others 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.

Note 20: Financial Risk Management

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

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

Financial assets

Cash and cash equivalents	6	1,135,805	1,004,330
Trade and other receivables	7	5,248	32,973
Held-to-maturity financial assets	9	1,600,000	-
		2,741,053	1,037,303

Financial liabilities

Financial liabilities at amortised cost:			
Trade and other payables	13	871,431	697,083
Borrowings	14	-	5
		871,431	697,088

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
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Note 21: Related Party Transactions

Key Management Personnel

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

Key management personnel compensation

Short term benefits

728,530	662,414
728,530	662,414

Other Related Parties

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

Transactions with related parties were:

Director, G McCarroll, has an interest in a motor dealership that provides services to the club.

964	2,529
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Director, B Everett, has an interest in a fire and safety business and a security business that provides services to the club.

35,412	44,752
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Director, M Bullen, has an interest in a bicycle centre that provides services to the club.

4,546	3,905
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Director, P Kennedy, has an interest in a transport service that provides services to the club.

1,245	941
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During the year Sophie Gale was employed within the Club in the role of a casual waitress. Sophie is the daughter of Troy Gale, who is a key management personnel of the Club. She is paid under normal award rates and conditions.

Note 22: Company Details

The club is incorporated and domiciled in Australia as a company limited by guarantee.

The registered office and principal place of business is:

Armidale Ex Services Memorial Club Limited
137 Dumaresq Street
ARMIDALE NSW 2350

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019

The directors of the company declare that:

1. the financial statements and notes, as set out in pages 5 to 21, are in accordance with the Corporations Act 2001, and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 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.



Brian D Everett
President



Mark D Bullen
Vice President

Dated: 28 August 2019

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LIMITED
ABN 61 000 979 377**

Opinion

We have audited the financial report of Armidale Ex-Services Memorial Club Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of 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:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; 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 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.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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TO THE MEMBERS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LIMITED
ABN 61 000 979 377**

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Company's Directors Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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 the audit.

CROWE HORWATH CENTRAL NORTH

**Kylie Ellis****Audit Partner**

Registered Company Auditor (ASIC RAN 483424)

90 Rusden St

ARMIDALE NSW 2350

Dated: 2 September 2019

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SUMMARY OF 10 YEAR HISTORY

Year	Assets	Liabilities	Net Assets	Gross Receipts	Administrative & General Expenses	Taxes & Licence Fees	Donations Welfare & Sports Grants	Cash Flow Operating Surplus	Depreciation & Provisions	Net Profit After Tax
2010	8,609,155	728,474	7,880,681	5,408,821	2,248,823	599,089	97,097	434,559	334,286	96,446
2011	9,321,296	1,542,277	7,779,019	5,265,956	3,443,849	594,218	89,338	233,518	380,320	-74,206
2012	9,306,675	1,420,126	7,886,549	5,531,269	2,971,373	629,074	137,357	560,878	450,916	107,530
2013	8,974,586	1,472,181	7,502,425	6,248,133	3,584,096	557,560	159,126	396,509	693,260	-384,124
2014	9,541,765	1,420,946	8,120,819	7,456,217	3,455,338	642,621	182,932	669,004	380,633	618,394
2015	10,055,048	2,328,688	7,726,360	6,929,598	3,483,365	838,999	272,016	625,102	457,595	-394,459
2016	9,670,358	1,508,817	8,161,541	7,744,847	3,516,939	825,811	194,717	1,404,868	669,358	435,181
2017	9,768,197	971,068	8,797,129	7,939,141	4,016,279	747,731	148,545	1,568,197	675,488	608,958
2018	10,448,860	1,074,134	9,374,726	8,003,748	3,854,909	842,119	203,158	1,264,790	687,857	604,693
2019	11,686,993	1,236,405	10,450,588	8,512,612	3,758,039	910,123	198,879	1,777,636	684,722	1,086,049

