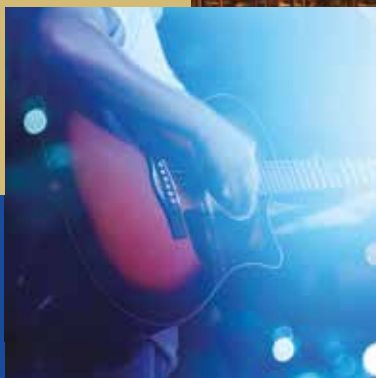


Balgowlah RSL Memorial Club
ANNUAL REPORT

2016



BALGOWLAH RSL MEMORIAL CLUB
ACN 001 074 184
ANNUAL REPORT 2016

Directory

Registered Office	30-38 Ethel St, Seaforth, NSW, 2092
Postal Address	PO Box 72, Seaforth, NSW, 2092
Telephone	02 9949 5477
Facsimile	02 9949 9211
Website	www.balgowlahrsl.com.au
Email	info@balgowlahrsl.com.au

Board of Directors

President	Bob Paterson FAIM, F FIN, JP
Senior Vice President	Des McAteer
Junior Vice President	Ian Reese
Treasurer	Stephen Brown
Director	John Ardill
Director	Barry Smith
Director	William O'Brien

Management

Chief Executive Officer	Hendrik Visser
Food & Beverage Manager	David MacLean
Operations Manager	Jason Leong

Auditor of Accounts

CABEL Partners,
1 James Place, North Sydney.

Solicitors

Pigott Stinson,
10 Barrack St, Sydney

Bankers

Australia and New Zealand Banking Group Limited

Affiliation

Clubs NSW
Club Directors Institute
Clubs NSW Clubsafe
Lifeline Balgowlah

President's Report 2016

I am pleased to present on behalf of the Board of Directors the Annual Report for the year ended 31 December 2016.

Over the past year, we have continued our strategic journey by making significant investments in the refurbishment of the Level 2 area including the Seaforth Function Centre and the development and implementation of the "The Wine Room" which became fully operational in the middle of December.



Although it is early days the Board is extremely pleased with patronage of both the wine bar area and the fine dining restaurant, and we have confidence that this business will continue to grow as the word gets out that Balgowlah RSL Memorial Club has a facility equal to any restaurant in the local area. The cost of the Level 2 refurbishment was more than \$500k, was covered through cash flow and more importantly without the need for further borrowings.

As fully detailed in the Treasurers report we recorded a full year after tax profit of \$125,799 and while this is a reduction over the 2015 results the Club continues to trade profitably. Prudent financial management, a strong Balance Sheet and Cash Flow is a critical success factor and we are well positioned to continue to grow profitably in the coming financial year.

At the end of 2016 one of our esteemed Directors Barry Smith retired from the Board for personal reasons. It is fair to say that Barry has made a significant contribution to the Board over the past 4 years and his Banking & Finance background was invaluable as a key member of the Board Finance Committee. Barry will continue his role as a Trustee and Treasurer for the RSL Sub Branch which does occupy a great deal of his time. On behalf of the Board I would like to thank Barry for his dedication and commitment to his Board responsibilities. He will be greatly missed.

I am also pleased to inform members that the Board has appointed Graham Stone as a Director to replace Barry Smith for an interim period up to the next Board election in 2018. Graham brings a wealth of knowledge and business experience to the Board and we thank him for accepting our offer to join for the next 15 months.

At last year's AGM, our longest serving Director John Langford did not stand for re-election due to ill health. Members voted unanimously to award John Life Membership in recognition of his 16-years' service to Balgowlah RSL Memorial Club, but sadly John passed away peacefully a couple of months later. We have lost a wonderful person and friend and our deepest sympathy goes to his wife Edie and family.

As in previous years Balgowlah RSL is proud to have donated to over 50 local charities, community and sporting groups. In 2016,

this totalled \$145,764, and we are committed to continue to support our local community where appropriate.

I have mentioned on many occasions that our Club success comes in no small way from the commitment and loyalty of our staff, and I would like on behalf of the Board to acknowledge our Chief Executive Hendrik Visser, his Executive Management team of David Maclean & Jason Leong and all Staff who work so hard to ensure member and guest satisfaction is of the highest standard.

Finally, to each Director I appreciate the very strong support, commitment and professionalism you have all displayed which ensures we continue to operate in a business and member focused manner.

I look forward to 2017 as we continue the journey to provide a great environment for members and their guests.

A handwritten signature in black ink, appearing to read 'Bob Paterson', with a stylized, cursive script.

Bob Paterson
President

Treasurers Report 2016

I present the Balgowlah RSL Memorial Club Financial Statements which outline the financial position of the Club for the 2016 year, together with a comparison of the key business unit results for 2015.



I report an after tax profit of \$125,799 compared to \$797,797 achieved in 2015.

The following Club Business Unit performance is summarised as follows:

Total Club Income

\$11,897,605

(-2.1% on 2015 \$12,154,749)

A disappointing last half of the year with increased gaming payouts and high wage costs.

Gaming Department Net Profit

\$3,941,812

(-8.3% on 2015 \$4,298,519)

Overall income (after GST) is down 3.6% to \$7,076,416 but turnover was down only \$22,589 (0.00%). We are hopeful of improved revenues in 2017 due to new machines installed in late 2016.

Beverage Department Profit

\$476,832

(-3.6% on 2015 \$494,791)

Although bar sales were up slightly (+0.3%) profit was down \$17,909 (-3.6%) on 2015 due to higher Cost of Sales (+1.9%) and an increase in Wages and Expenses (+18%).

Catering Department Profit

\$132,967

(-48% on 2015 \$255,523)

Although turnover was slightly up by \$4,570 (0.2%) the higher Cost of Sales (+8.3%) and wages (+4.6%) contributed to the profit reduction of \$122,557.

There will be many changes in the coming year to address the reduced profit of 2016 but the Club will continue to invest in refurbishment activities downstairs during 2017.

A handwritten signature in black ink that reads "Stephen H Brown". The signature is written in a cursive style and is positioned above a horizontal dashed line.

Stephen H Brown
Treasurer

MINUTES OF THE FORTY THIRD ANNUAL GENERAL MEETING BALGOWLAH RSL MEMORIAL CLUB

The meeting was held on Level 2 of the Club Premises at 7:00pm, Monday 21st March 2016.

PRESENT: 34 Members were present including 12 Class 1 Members and 22 Class 2 Members.

- 1 APOLOGIES:
Ralph Jones #42; David Piper #9251;
John Wilson #4435; Robyn Wheatley #5838;
Judith McDonald #3353.
- 2 MINUTES OF PREVIOUS ANNUAL GENERAL MEETING:
Motion to confirm the Minutes of the 42nd Annual General Meeting held on 30th March 2015.
MOVED K HEARNDEN #2512;
SECONDED M ARDILL #2626, THAT THE MINUTES BE TAKEN AS READ. MOTION CARRIED.
- 3 BUSINESS ARISING FROM THE MINUTES
Nil
- 4 DIRECTORS REPORT AND STATEMENT
To receive and adopt the Directors' Report and Directors' Statement for the year ended 31 December 2015.
MOVED A BALL #7618;
SECONDED C BARNABAS #5004.
THAT THE DIRECTORS REPORT AND DIRECTORS' STATEMENT FOR 31 DECEMBER 2015 BE RECEIVED AND ADOPTED. MOTION CARRIED.
- 5 FINANCIAL STATEMENTS
Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31 December 2015 were tabled.
MOVED V DOUGHERTY #4827;
SECONDED B RENSHAW #131,
THAT THE ANNUAL PROFIT AND LOSS ACCOUNTS; BALANCE SHEET; STATEMENT OF CASH FLOWS AND THE AUDITORS REPORT FOR THE YEAR ENDING 31 DECEMBER 2015 BE RECEIVED AND ADOPTED. MOTION CARRIED.
- 6 DECLARATION OF BALLOT FOR OFFICERS AND DIRECTORS
President Paterson thanked the Directors and Members for their efforts and support over the past two years. Mr Paterson advised the Members of two errors that occurred during the election process. He further advised that there would be an independent review of the 2016 election processes in order to avoid such errors reoccurring.

Mr Paterson then declared all Board positions vacant and asked the Directors to stand down and asked CEO H Visser to read the report of the Returning officer conducting scrutiny (Mr Chris Turner).

The results of the 2016 election were as follows:

President	Bob Paterson	Unopposed
Senior Vice President	Des McAteer	Unopposed
Junior Vice President	Ian Reese	Unopposed
Treasurer	Stephen Brown	Unopposed
Directors	John Ardill	127 votes - Elected
	Barry Smith	120 votes – Elected
	David O'Brien	109 votes – Elected
	Graham Stone	78 votes
	Stephen Cann	40 votes

7 ORDINARY RESOLUTIONS:

That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to directors and such persons as from time to time the directors shall authorise or approve:

- a) The provision of a limited number of reserved car parking spaces for Directors, if required, and for disabled persons, and
- b) The provision to Directors of a Club tie, shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as directors; food and refreshments at the conclusion of Board meetings; premium for directors and officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and
- c) The payment of director honorariums be allocated as follows:
 - 1) President honorarium \$4,800 per annum
 - 2) Treasurer honorarium \$4,800 per annum
 - 3) All other Directors honorarium of \$2400 per annum.

MOVED V MILLER #4439; SECONDED
L HEARNDEN #3074. MOTION CARRIED.

8 BUSINESS (with due notice given)

i. Resolution:

To consider and, if thought fit, pass the following resolution proposed by the Board of Directors:

Mr John Elvin Langford be honoured with Life Membership of Balgowlah RSL Memorial Club.

The Club Board proposed that Life Membership of Balgowlah RSL Memorial Club be bestowed upon John Langford in recognition of his outstanding contribution to the Club. Mr Langford has been a Club Director for the past sixteen years. During this period he has held the position of Club President for 3 years and Club Treasurer for 12 years. Mr Langford's strong background in international banking and finance has been invaluable to the Club and contributed to the strong financial position that the Club has achieved during his stewardship.

The Board of Directors asked that the Members recognise Mr Langford's outstanding efforts by bestowing the honour of Life Membership of Balgowlah RSL Memorial Club.

MOVED S SPRINGALL #10070; SECONDED T BAKER #1972. CARRIED UNANIMOUSLY.

9 OTHER BUSINESS (without notice)

Stephen Gould #5904

Asked why the Club has not changed its accounting standards to the Australian standard for international companies. The CEO advised Mr Gould that the Club is not an international company and that the Club conforms to the Australian standards as required by ASIC and the Club Auditors.

Raymond Stead #5118

Suggested that the Club should support the community of Seaforth by opening a café at 8am before the Club opens at 10am.

There should be a step marking to show Members where the stairs are in the middle car park.

10 CLOSE:

There being no further business, the meeting closed at 7:35pm.

BALGOWLAH RSL MEMORIAL CLUB LIMITED
ABN 001 074 184
NOTICE OF MEETING
44TH ANNUAL GENERAL MEETING

The 44th Annual General Meeting is to be held at 7pm, Monday 27th March 2017 at the premises of the Balgowlah RSL Memorial Club, 30-38 Ethel Street, Seaforth, New South Wales.

Business:

1. Apologies will be recorded but not read to the meeting.
2. To confirm and adopt the minutes of the 43rd Annual General Meeting held Monday 21st March 2016.
3. Business Arising from the minutes: Nil
4. To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31st December 2016.
5. To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31st December 2016.
6. There will not be a full election for positions on the Board until 2018.

7. Ordinary Resolutions:

The provision to Directors of a club tie, shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as Directors; food and refreshments at the conclusion of Board meetings; premium for Directors and Officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and

a) The payment of Director honorariums be allocated as follows:

1. President honorarium \$4,800 per annum
 2. Treasurer honorarium \$4,800 per annum
 3. All other Directors honorarium of \$2,400 per annum.
8. BUSINESS (with due notice given)

The Class I Members will be asked to consider and if thought fit pass the four Special Resolutions set out below:

SPECIAL RESOLUTION - PROCEDURAL MATTERS

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.

Each Special Resolution should be read in conjunction with the notes to members which follow each Special Resolution.

Only Class I Life Members and financial Class I Members, with the exception of Class I Affiliate Members and Class I Associate Members, are eligible to vote on the Special Resolutions.

Under the Registered Clubs Act:

- (a) Members who are employees of the Club are not entitled to vote; and
- (b) Proxy voting is prohibited.

Amendments to the Special Resolutions (other than minor typographical corrections which do not change the substance or effect of the Special Resolutions) will not be permitted from the floor of the meeting.

The Board of the Club recommends the following Special Resolutions to members.

FIRST SPECIAL RESOLUTION

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

That the Constitution of Balgowlah RSL Memorial Club limited be amended by:

- (a) **inserting** the following new Rule 25.8:

“Any person who is elected or appointed to the Board, must, unless exempted, complete such mandatory training requirements for directors as required by the Regulations made under the Registered Clubs Act.”

- (b) **inserting** the following new Rule 33.1(i):

“fails to complete the mandatory training requirements for directors referred to in Rule 25.8 within the prescribed period (unless exempted).”

Notes to Members on the First Special Resolution

Paragraph (a) inserts a new provision relating to the mandatory training requirements for directors as required by the Regulations made under the Registered Clubs Act.

Paragraph (b) amends the Casual Vacancy provisions in the Constitution to provide that failure to carry out any mandatory training will lead to a casual vacancy arising in the office of director.

SECOND SPECIAL RESOLUTION

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

That the Constitution of Balgowlah RSL Memorial Club limited be amended by **replacing** the word and number, "Class 2" with the word, "Club" wherever they appear in the Constitution.

Notes to Members on the Second Special Resolution

1. The purpose and effect of the Second Special Resolution is to change the name of the current category of membership, "Class 2 members" to "Club members."
2. The legal rights and obligations of the categories of membership within the Club will not change with this proposed name change.

THIRD SPECIAL RESOLUTION

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

That the Constitution of Balgowlah RSL Memorial Club limited be amended by **deleting** the word and number, "Class 3" wherever they appear in the Constitution.

Notes to Members on the Third Special Resolution

1. The purpose and effect of the Third Special Resolution is to change the name of the current category of membership, "Class 3 Employee Members" to "Employee Members."
2. The legal rights and obligations of the categories of membership within the Club will not change with this proposed name change.

FOURTH SPECIAL RESOLUTION

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

That the Constitution of Balgowlah RSL Memorial Club limited be amended

- (a) by **deleting** Rule 26.1 (j) which provides:
“If there be more than the required number nominated for any position, an election by secret ballot shall take place in respect of that position.”

and **replacing** it with the following new Rule 26.1 (j):

“If there be more than the required number nominated for any position, an election by secret ballot shall take place in respect of that position. The ballot shall be conducted in such manner and on such dates and during such times as may be determined by the Board from time to time.”

- (b) by **deleting** 26.1 (l), (m), (n), (o), (q), (r), (s), (u), (x) and **replacing** them with the following:
- (l) *The Returning Officer shall supervise the preparation of the ballot.*
 - (m) *The order in which the names appear on the ballot shall be determined by ballot conducted within view of members.*
 - (n) *A notice must be placed on the Club’s Notice Board confirming:
the manner in which the election will be conducted;
how members can vote in the election; and
the dates and times that members can vote;
any other details which are necessary for members to vote.*
 - (o) *Deleted*
 - (q) *In order to vote, a member must present a current membership card with photo identification to Club employees who will mark off the member’s name on the list of current financial members.*
 - (r) *Deleted*
 - (s) *Deleted*
 - (u) *“The Returning Officer shall supervise the counting of votes and shall have regard to the fact that there shall be no less than two (2) Class I members and/or Class I Life members on the Board at any time.”*
 - (x) *Deleted*

Notes to Members on the Fourth Special Resolution

The fourth Special Resolution proposes to amend Rule 26.1 of the Club’s Constitution.

The new Rule 26.1 provides for electronic voting at the Club in the election of the Board of Directors and amends 26.1 (u) to reflect the Special Resolution approved by members at the 2015 AGM.

Currently, members vote in Board elections by completing a ballot paper at the Club.

The Club Directors have considered electronic voting for the election of the Board. The Board intends to appoint an independent contractor as the Club's new returning officer. The Board understands that 'Elections Australia' is currently the returning officer in many clubs around Australia. Elections Australia provides an electronic voting system that is seen as a more efficient and transparent method to conduct the ballot.

Electronic voting would only be conducted at the Club's premises using dedicated computers in the Club reception area

In effect, electronic voting would operate as follows:

- (i) A notice will be placed up on the Club's Notice Board confirming the changes and the dates and times for electronic voting.
- (ii) Members will vote electronically in the election of the Board.
- (iii) In order to vote, members will be required attend the Club.
- (iv) Members will be required to prove their identity by producing their current membership card with photo identification to Club employees who will mark their name off the list of current financial members.
- (v) Members will be able to cast their vote using a dedicated computer in the Club reception area.
- (vi) Staff will be on hand to advise members on how to use the computer, while having full regard to ensuring privacy of voting.
- (vii) The results will be automatically collated.
- (viii) The results of the election will be declared at the Biennial General Meeting.
- (ix) Members can be assured that the integrity of the ballot for the election of Directors will not be compromised by the introduction of electronic voting. The Club will put in place any safeguards that may be deemed necessary to ensure the privacy of voting.

The Board recommends the resolution to members so that the Club would be able to provide an electronic voting system for election of Club directors.

9. OTHER BUSINESS

Any other business may be discussed, but submissions can only be made in the form of recommendations to the Board of Directors.

A light supper and refreshments will be served in the Gold Bar after the conclusion of the meeting.

Club GRANTS – Donations (Category 1 and 2) 2016

Balgowlah RSL Memorial Club is a proud supporter of our local community. The Club receives many applications for funding for each year. Priority is given to those community projects that will give the most benefit to the people of the Manly Local Government area.

This year we have supported 48 local organisations focusing on disadvantaged children, women's health and childhood cancer, as well as local junior sporting groups.

Club Grants Category 1 Recipients

Autism Spectrum Australia

Art Therapy Project for children with autism

Balgowlah Boys Campus

Student mental health and well being program

Bear Cottage Manly

Dad's camp for fathers with terminally ill children

Captain Courageous Foundation

Bone Marrow disease research

Cerebral Palsy Alliance

Accessible gym and exercise program

Fighting Chance Australia

Work experience Program for young disabled

Lara Jeans Association

Movie Mayhem for kids

Life Education NSW Ltd

Life Education Workbooks

Manly Community Centre

Women's shelter 'Building Blocks Program'

North Steyne Surf Life Saving Club

Nippers and special needs nippers program

Parkinson's NSW Ltd

Support group Meeting space

Queenscliff Surf Life Saving Club

Nipper boards and swimming scholarships

St Vincent de Paul Society

Supporting local disadvantaged school aged children

The Dalwood Spilstead Centre

Child's Play program

Club Grants Category 2 Recipients

Community Support Recipients

1st Balgowlah Scouts
1st Seaforth Sea Scouts
Active women touched by Cancer
Balgowlah Rotary Club
Balgowlah Bowling Club
Lions Club of Balgowlah
Narrabeen Carlile Swimming Club
Balgowlah Probus Club
Manly Probus Club
Seaforth Probus Club
Manly Central Probus
Manly District Probus
Forest Kirk Uniting Church
Manly West Public School
Mackellar Girls High School
Balgowlah Heights Public School
Balgowlah North Public School
Seaforth Public School
Clontarf Precinct Committee
Northern Beaches TAFE
Northern Beaches Country Music Club

Balgowlah RSL Associated Clubs

Balgowlah RSL Fishing Club
Manly-Allambie Ladies Soccer Club
Manly Seaside Baseball Club
Queenscliff Netball Club
Seaforth Cricket Club
Seaforth Football Club
Manly Diggers Swimming Club

Community Support Recipients

1st Balgowlah Scouts
1st Balgowlah Sea Scouts
Active Women Touched By Cancer
Baringa Bush Community Garden
Balgowlah Bowling Club
Lions Club of Balgowlah
Narrabeen Carlile Swimming Club
Balgowlah Probus Club
Manly Probus Club
Manly Central Probus Club
Manly District Probus Club
Seaforth Probus Club
Forest Kirk Uniting church
Manly West Public School
Mackellar Girls Campus
Balgowlah Heights Public School
Balgowlah North Public school
Manly Vale Kindergarten
Northern Beaches TAFE
Seaforth Public School
Seaforth Precinct Committee
Northern Beaches Country Music Club

DIRECTORS' REPORT

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2016 and report as follows:-

I. Board of Directors

The names and particulars of the Directors of the company in office at the date of this report are:-

Name	Qualifications	Years as a Director of this Club	Special Responsibilities
R J Paterson FAIM, F FIN, JP	Retired Human Resources Executive	5	President
J T D McAteer	Manager	12	Senior Vice President
I G Reese	Retired Airline Pilot	11	Junior Vice President
J E Langford (Resigned 21st March 2016)	Retired Bank Officer	18	Treasurer
J P Ardill	Retired Company Director	9	Director
B Smith	Retired Bank Manager	4	Director
W D O'Brien	Retired Managing Director	2	Director
S H Brown	(appointed 21st March 2016)		

2. Board Meetings

The number of Board meetings and number of meetings attended by each of the Directors of the company during the 2016 financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
R J Paterson	14	14
J T D McAteer	14	14
I G Reese	14	10
J E Langford	3	0
J P Ardill	14	14
B Smith	14	14
W D O'Brien	14	14
S H Brown	11	11

* Reflects the number of Board meetings held during the time the Director held office.

3. Activities

The principal activity of the company during the year ended 31 December 2016 was Registered Club. There was no change in the principal activity during the year.

4. Results

The profit for the year after providing for income tax for the year ended 31 December 2016 was \$125,799.

5. Dividends

The company has no provision in its Articles for the payment of dividends.

6. Review of Operations

The company made a profit after taxation of \$125,799 compared to \$797,796 in 2015 mainly due to:

- a decrease in revenue of \$200,878 from 2015. Revenue for 2016 was \$ 11,264,854 (2015: \$11,465,732); and
- an increase in expenses (including tax expense) of \$471,119. Expenditure for 2016 was \$11,139,055 (2015: \$10,667,936).

The company incurred capital expenditure of \$1,360,776 partly financed by working capital and external facilities to refurbish its premises and upgrade its plant and equipment.

7. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company for the year.

8. Matters subsequent to the end of the Financial Year

At the date of this report and in financial years subsequent to 31 December 2016, there are no matters or circumstances which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- (i) the operations of the company;
- (ii) the results of those operations: or
- (iii) the state of affairs of the company

9. Future Developments

The Company will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

10. Indemnification of Directors and Officers

The company has provided for and paid premiums during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability and legal expenses contract as such disclosure is prohibited under the terms of the contract.

11. Proceedings on Behalf of the Company

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

12. Auditor's Independence Declaration

CABEL Partners continues in office in accordance with Section 327 of the Corporations Law. A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included in the financial report.

13. Environmental Regulations

The company's operations are subject to various regulations under both Commonwealth and State legislation. The Directors are not aware of any significant breaches of legislation during this financial year.

14. Club Membership

	2016	2015
Class 1	196	225
Life Member, Class 1	3	5
Class 2	11,412	11,337
Class 3	11	11
Total Membership	11,612	11,578


The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the Memorandum of Association states that each member, or within one year thereafter, is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

At 31 December 2016, the collective amount members are liable to contribute if the company is wound up was approximately \$23,000 (2015: \$23,000 approximately).

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
and in accordance with its resolution:



R J Paterson – President



S H Brown – Treasurer

Dated at Balgowlah this 21st day of February 2017

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

To the Directors of **BALGOWLAH RSL MEMORIAL CLUB**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 there has 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.

CABEL Partners
Chartered Accountants



Phillip Browne
Registered Company Auditor
phillip@cabel.com.au

North Sydney

Dated this 21st day of February 2017

Providing certainty

1 James Place, North Sydney NSW 2060
T. +61 (2) 8071 0300 www.cabel.com.au

ABN 84 370 183 399 Liability limited by a scheme approved under Professional Standards Legislation

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2016**

	Note	2016 \$	2015 \$
Revenue	2	11,264,854	11,465,732
Consumables used		(1,748,870)	(1,659,889)
Employee benefits expense		(3,872,614)	(3,665,247)
Depreciation and amortisation expenses		(980,980)	(913,295)
Finance costs	3	(43,634)	(8,336)
Other expenses		(4,477,002)	(4,350,471)
Profit before income tax	3	141,754	868,494
Tax expense	4	(15,955)	(70,698)
Profit for the year after income tax expenses		125,799	797,796
Other comprehensive income		-	-
Other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the company		125,799	797,796

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2016**

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	473,363	610,604
Trade and other receivables	8	114,270	90,066
Inventories	9	125,664	131,094
Current tax assets	10	26,914	-
Other assets	11	56,114	47,453
TOTAL CURRENT ASSETS		796,325	879,217
NON-CURRENT ASSETS			
Property, plant and equipment	12	19,796,263	19,463,238
Intangible assets	13	160,000	160,000
Deferred tax assets	10	30,003	29,949
TOTAL NON-CURRENT ASSETS		19,986,266	19,653,187
TOTAL ASSETS		20,782,591	20,532,404
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,031,435	765,616
Borrowings	15	643,959	512,409
Current tax liabilities	10	-	15,685
Provisions	16	215,167	204,189
TOTAL CURRENT LIABILITIES		1,890,561	1,497,899
NON-CURRENT LIABILITIES			
Borrowings	15	185,427	467,014
Provisions	16	293,264	279,951
TOTAL NON-CURRENT LIABILITIES		478,691	746,965
TOTAL LIABILITIES		2,369,252	2,244,864
NET ASSETS		18,413,339	18,287,540
EQUITY			
Reserves	17	4,576,243	4,576,243
Retained earnings		13,837,096	13,711,297
TOTAL EQUITY		18,413,339	18,287,540

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 January 2015	12,913,501	4,576,243	17,489,744
Comprehensive income			
Profit for the year	797,796	-	797,796
Total comprehensive income for the year attributable to members of the company	797,796	-	797,796
Balance at 31 December 2015	13,711,297	4,576,243	18,287,540
Balance at 1 January 2016	13,711,297	4,576,243	18,287,540
Comprehensive income			
Profit for the year	125,799	-	125,799
Total comprehensive income for the year attributable to members of the company	125,799	-	125,799
Balance at 31 December 2016	13,837,096	4,576,243	18,413,339

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from Club Operations		12,059,539	12,201,536
Payments to Suppliers and Employees		(10,865,710)	(10,907,600)
Rent Received		212,041	208,696
Interest and Finance Charges Paid		(43,634)	(8,336)
Income Taxes Refund /(Paid)		(58,608)	(76,411)
Interest received		10,247	14,055
Net cash provided by operating activities	26	1,313,875	1,431,940
Cash flows from investing activities			
Payments for Property, Plant and Equipment		(1,360,776)	(2,288,180)
Proceeds from disposal of property, plant and equipment		59,697	50,520
Payment for purchase of intangible assets		-	(160,000)
Net cash provided by (used in) investing activities		(1,301,079)	(2,397,660)
Cash flows from financing activities			
Proceeds from/(Repayments of) Borrowings - Bank		(500,000)	702,780
Proceeds from/(Repayments of) Borrowings - Other		47,416	(12,399)
Proceeds from/(Repayments of) Borrowings - Chattel Mortgage (Bank)		302,547	-
Net cash provided by (used in) financing activities		(150,037)	690,381
Net increase (decrease) in cash held		(137,241)	(275,339)
Cash and cash equivalents at beginning of financial year		610,604	885,943
Cash and cash equivalents at end of financial year	7	473,363	610,604

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The financial statements cover Balgowlah Rsl Memorial Club as an individual entity. Balgowlah Rsl Memorial Club is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements have been authorised by the directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the Australian Accounting Standards Board (AASB). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for 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.

a. Going Concern

As at 31 December 2016, current liabilities exceeded current assets by \$1,094,236 (2015: \$618,682) and total assets exceeded total liabilities by \$18,413,339 (2015: \$18,287,540). The directors have a capex plan which uses where possible cash generated from operating activities to fund that expenditure. The effect on working capital is that funds are drawn from capex. Additionally debt reduction program is at a high rate. The Directors have prepared these accounts on a going concern basis as there is a positive cash flow surplus from operating activities of \$1,313,875 (2015: \$1,431,940) and the budget for 2017 indicate a trading profit and cash flow surplus which the directors expect to be achieved.

b. Income Tax

The company's liability for income tax arises for a substituted accounting financial year ending 30 June and relies on the continuing acceptance by the Australian Taxation Office of the mutuality principle. It is calculated on the net income from non-members plus income from rentals and interest, less deductions claimable under the Income Tax Assessment Act.

The income tax expense for the year ended 31 December 2016 is \$15,955 (2015: \$70,698). Tax is paid by instalments. The income tax provision as at 31 December 2015 is nil (2015: \$15,685); there is a refund expected of \$26,914

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there may be future taxable income available to recover the asset.

c. Inventories

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

d. Property, Plant and Equipment

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

Property

Freehold land is carried at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by independent valuers, less accumulated depreciation for buildings.

Club Buildings and Renovations are stated at historical costs less depreciation. Historical cost

includes expenditure where applicable that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Plant and Equipment

Plant, Equipment, Furniture are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

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

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

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset:	Depreciation Rate
Buildings	2.5%
Plant and Equipment (at cost)	10%-20%
Poker Machines (at cost)	10%-20%
Computer Software (at cost)	5%-25%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

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

f. 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, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

**g. Intangibles Other Than Goodwill
Gaming Machine Entitlements**

Gaming Machine Entitlements acquired are initially recorded at the purchase price at the date of acquisition. Gaming Machine Entitlements are tested annually for impairment and carried at cost less accumulated impairment losses. Gains or losses and impairment on the disposal of Gaming Machine Entitlements will be charged to the Statement of Profit or Loss and Other Comprehensive Income.

h. Employee Benefits

- (i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.
- (ii) Long service leave
The liability for long service leave is recognised in the provision for employee entitlements as a non current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.
- (iii) Superannuation
The company contributes to accumulation superannuation plans in accordance with legal obligations.

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.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks.

k. Revenue and Other Income

Revenue from subscriptions from members and associates are recognised in the year to which it relates while revenue from sale of goods is recognised upon the delivery of goods to customers. Member bonuses are treated as an expense, when redeemed, not when granted.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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

Other Income Income from other sources is recognised when the fee in respect of other products or services provided is receivable.

l. Borrowing Costs

Borrowing costs are amortised over the period of the loan.

m. Goods and Services Tax (GST)

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

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

n. Comparative Figures

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

- o. Critical Accounting Estimates and Judgements**
The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

- (i) *Key estimates - Impairment*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

- p. New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided to adopt the new standards when they become mandatory.

- q. Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid at year end. These amounts are unsecured and are usually paid within 30 days of recognition.

- r. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest method.

- s. Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis and if there any debts known to be uncollectible they are written off.

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
2. REVENUE AND OTHER INCOME			
Sales revenue:			
Sale of goods		4,222,861	4,195,519
Other revenue:			
Rental Revenue		212,041	208,696
Interest received	2(a)	10,247	14,055
Subscription and Entrance Fee		106,575	101,515
Gaming Revenue		7,076,179	7,343,416
Other revenue	2(b)	48,785	50,520
Poker Machine GST Expense		(632,752)	(656,999)
Commission and Sundry Income		220,918	209,010
Total revenue		<u>11,264,854</u>	<u>11,465,732</u>
(a) Interest received from: Other corporations		10,247	14,055
(b) Profit on disposal of property, plant and equipment		12,926	50,520

3. PROFIT FOR THE YEAR

Profit before income tax from continuing operations includes the following specific expenses:

Expenses:

Interest expense on financial liabilities not at fair value through profit or loss:

External	43,634	8,336
Total finance costs	<u>43,634</u>	<u>8,336</u>
Wages and Salaries	3,085,697	2,922,258
Other associated personnel expenses	216,265	171,869
Contributions to superannuation plans	304,058	291,355
Employee leave benefits paid	242,304	244,279
Increase/(decrease) in liability for employee benefits	24,290	35,486
Employee benefits expense	<u>3,872,614</u>	<u>3,665,247</u>

	2016 \$	2015 \$
4. TAX EXPENSE		
(a) The components of tax expense comprise:		
Current Tax	(15,955)	(70,698)
The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:		
(b) Prima facie tax payable on profit before income tax at 30% (2015: 30%)	42,526	260,549
Add tax effect of:		
Under / (overprovision) in tax expense in prior year	-	6,149
Deferred tax assets recognised in the accounts	54	3,756
	42,580	270,454
Less tax effect of:		
Tax effect of non-deductible and non-assessable items (including portion attributable to members)	24,261	199,756
Under / (overprovision) in tax expense in prior year	2,364	-
Income tax expense attributable to entity	15,955	70,698
5. KEY MANAGEMENT PERSONNEL COMPENSATION		
Short-term benefits	217,866	202,473
Post employment benefits	20,003	19,017
Other long-term benefits	66,447	58,799
Total compensation	304,316	280,289
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor:		
Auditing and compilation of the financial report	28,407	26,780
Taxation services	1,800	4,283
	30,207	31,063
7. CASH AND CASH EQUIVALENTS		
Cash on Hand	170,000	170,000
Cash at Bank	303,363	140,604
Short Term Deposits	-	300,000
	473,363	610,604

	2016 \$	2015 \$
8. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade Debtors and Accrued Income	114,270	90,066
	<u>114,270</u>	<u>90,066</u>
9. INVENTORIES		
CURRENT		
At cost:		
Stock on hand	125,664	131,094
	<u>125,664</u>	<u>131,094</u>
10. TAX		
(a) Liabilities		
CURRENT		
Income Tax	-	15,685
	<u>-</u>	<u>15,685</u>
NON-CURRENT		
(b) Assets		
CURRENT		
Income Tax	26,914	-
	<u>26,914</u>	<u>-</u>
Deferred Tax Asset		
Provisions		
Opening balance	29,949	26,193
Charged to income	54	3,756
	<u>29,949</u>	<u>29,949</u>
Closing balance	30,003	29,949
	<u>30,003</u>	<u>29,949</u>
Balance at year end	<u>30,003</u>	<u>29,949</u>
11. OTHER ASSETS		
CURRENT		
Prepayments	56,114	47,453
	<u>56,114</u>	<u>47,453</u>

	2016 \$	2015 \$
12. PROPERTY, PLANT AND EQUIPMENT		
Freehold land (at valuation)	6,050,000	6,050,000
Club Buildings (at cost)	18,370,264	17,747,020
Less accumulated depreciation	(6,822,960)	(6,371,592)
	<u>11,547,304</u>	<u>11,375,428</u>
Total land and buildings	<u>17,597,304</u>	<u>17,425,428</u>
Plant and Equipment (at cost)	1,887,670	1,805,304
Less accumulated depreciation	(1,288,026)	(1,081,574)
	<u>599,644</u>	<u>723,730</u>
Poker Machines (at cost)	2,838,170	2,349,808
Less accumulated depreciation	(1,377,172)	(1,174,110)
	<u>1,460,998</u>	<u>1,175,698</u>
Computer Software (at cost)	374,058	370,345
Less accumulated depreciation	(235,741)	(231,963)
	<u>138,317</u>	<u>138,382</u>
Total plant and equipment	<u>2,198,959</u>	<u>2,037,810</u>
Total property, plant and equipment	<u>19,796,263</u>	<u>19,463,238</u>

(a) Core Property

The Company's core property is at 30-38 Ethel Street, Seaforth NSW 2092. Core property is defined in section 41J of the Registered Clubs Amendment Act 2006 and includes the defined premises of the Club and the facilities provided for Club Members.

(b) Movements in carrying amounts

For disclosure on movement in carrying amounts please refer to note 27(a) at the end of this financial report.

(c) Asset revaluations

Valuation of Land

The company's land was revalued on 9th February 2015 by independent valuers, Dobrow Valuations Pty Limited. Valuations were made on the basis of open market value. The revaluation surplus was credited to the revaluation reserve.

	2016 \$	2015 \$
13. INTANGIBLE ASSETS		
Poker Machine Entitlements - at cost	160,000	160,000
Less accumulated amortisation and impairment	-	-
	<u>160,000</u>	<u>160,000</u>
Reconciliation of poker machine entitlements - at cost		
Balance at beginning of year	160,000	-
Additions- at cost	-	160,000
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Closing carrying value at 31 December 2016	<u>160,000</u>	<u>160,000</u>
14. TRADE AND OTHER PAYABLES		
CURRENT		
Goods and services tax (net)	127,303	35,278
Other Creditors and Accruals	299,592	236,481
Trade Creditors	450,012	343,072
Subscriptions in Advance	98,530	94,732
Rent income in advance	55,998	56,053
	<u>1,031,435</u>	<u>765,616</u>
15. BORROWINGS		
CURRENT		
Bank Loan (Secured)	458,333	500,004
Other Loans (Term creditors - Interest free)	185,626	12,405
Total current borrowings	<u>643,959</u>	<u>512,409</u>
NON-CURRENT		
Other Loans (Term creditors - Interest free)	185,427	8,685
Bank Loan (Secured)	-	458,329
Total non-current borrowings	<u>185,427</u>	<u>467,014</u>
Total borrowings	<u>829,386</u>	<u>979,423</u>

- (a) At year end, the company holds a secured finance facility of \$1,666,000 (2015 : \$1,666,000) which comprises \$1,000,000 for a tailored loan facility with fixed interest rate of 4.52% p.a until 16 November 2017 (2015: \$1,000,000 with fixed interest rate of 4.52% p.a until 16 November 2017).

The facility is secured by a first mortgage over the property situated at 30-38 Ethel Street, Balgowlah and first registered charge being a fixed and floating charge over all present, future assets and undertakings of the company. The principal repayment is \$41,666 per month until 16 November 2017 (2015:\$41,666 per month until 16 November 2017).

At year end \$541,667 (2015: \$641,667) of the finance facility was unused.

- (b) The term creditors and chattel mortgage are effectively secured as the rights to the assets recognised in the financial statements revert to the supplier/lender in the event of default. The assets acquired from term creditors and by chattel mortgage are held with a carrying value of \$444,380 under credit terms within one to three years. These assets become the property of the company upon full settlement of the outstanding instalments.

The liability for the chattel mortgage is stated gross of prepaid interest charges of \$16,085.

2016	2015
\$	\$

16. PROVISIONS

CURRENT

Employee Entitlements	215,167	204,189
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NON-CURRENT

Employee Entitlements	293,264	279,951
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2016
\$

Employee Entitlements:

Opening balance at 1 January 2016	484,142
Additional provisions raised	24,289
Balance at 31 December 2016	508,431

17. RESERVES

Analysis of Each Class of Reserve:

Asset Revaluation Reserve	4,576,243	4,576,243
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The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(d). The balance standing to the credit of the reserve is not distributable.

	2016 \$	2015 \$
18. LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable:		
not later than 12 months	5,220	5,220
between 12 months and five years	7,230	12,458
	<u>12,450</u>	<u>17,678</u>

The operating lease is for the telephone system.

19. CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

Bank Guarantees

The company has given a bank guarantee to TAB Limited

5,000	5,000
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Member's rewards point

Value of points yet to be redeemed by members

65,318	36,189
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Claims

The Company has received a demand for payment from a services supplier totalling \$32,920, which has been rejected by the Company. The supplier has indicated legal action to which the Company would vigorously defend and disclaim any liability.

20. EVENTS AFTER THE REPORTING PERIOD

Matters subsequent to the end of the Financial Year

At the date of this report, there are no matters or circumstances which have arisen since 31 December

2016 that have significantly affected or may significantly affect:-

- (i) the operations of the Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company in financial years subsequent to 31 December 2016.

21. OPERATING SEGMENTS

The Company operates as a licensed club and operates in one geographical area, being Seaforth, New South Wales, Australia.

22. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of non-derivative instruments, namely deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Financial Risk Management Policies

Specific Financial Risk Exposures and Management

(a) **Credit risk**

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(b) **Liquidity Risk**

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

	2016	2015
	\$	\$
<i>Financial liability and financial asset maturity analysis</i>		
		Within 1 Year
Financial liabilities due for payment		
Bank Loans	458,332	500,003
Term Creditors	68,507	12,406
Chattel Mortgage - Bank	117,120	-
Total contractual outflows	<u>643,959</u>	<u>512,409</u>
Total expected outflows	<u>643,959</u>	<u>512,409</u>
Net (outflow)/inflow on financial instruments	<u>(643,959)</u>	<u>(512,409)</u>
		1 to 5 Years
Financial liabilities due for payment		
Bank Loans	-	458,329
Term Creditors	-	8,685
Chattel Mortgage - Bank	185,427	-
Total contractual outflows	<u>185,427</u>	<u>467,014</u>
Total expected outflows	<u>185,427</u>	<u>467,014</u>
Net (outflow)/inflow on financial instruments	<u>(185,427)</u>	<u>(467,014)</u>
		Total
Financial Liabilities		
Bank Loans	458,332	958,332
Term Creditors	68,507	21,091
Chattel Mortgage - Bank	302,547	-
Total contractual outflows	<u>829,386</u>	<u>979,423</u>
Total expected outflows	<u>829,386</u>	<u>979,423</u>
Net (outflow)/inflow on financial instruments	<u>(829,386)</u>	<u>(979,423)</u>

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are as per the carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

23. FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Freehold Land

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	2016 \$	2015 \$
LEVEL 2			
Recurring fair value measurements			
<i>Non-financial assets</i>			
Freehold Land	11	6,050,000	6,050,000
Total non-financial assets recognised at fair value on a recurring basis		6,050,000	6,050,000
<i>Liabilities</i>			
Borrowings	15	829,386	979,423
Total liabilities recognised at fair value		829,386	979,423

The company does not include fair value information for financial assets and financial liabilities such as short term trade debtors, cash and cash equivalents and payables because their carrying amounts are reasonable approximation of fair value.

24. COMPANY DETAILS

The registered office and principal place of business of the company is:
 Balgowlah Rsl Memorial Club
 30-38 Ethel Street
 Seaforth NSW 2092

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The names of each person holding the position of Director of Balgowlah RSL Memorial Club during the financial year are: J E Langford (Resigned 21 March 2016), J T D McAteer, IG Reese, R J Paterson, W D O'Brien, J P Ardill, B J Smith (resigned 31 December 2016) and S Brown (Appointed 21 March 2016).

(b) Remuneration of Directors

Benefits were received by Directors from transactions including meals and refreshments following Directors' and Committee meetings and Company functions attended by Directors on behalf of the Company. Benefits were also received by the close members of a former director in relation to a memorial service organised by the company in commemoration of the time he served as a director.

Directors are paid a nominal honorarium of \$200 per month, while the Club President and the treasurer receive \$400 per month.

The aggregate amount brought to account was \$37,644 (2015 : \$28,288).

No other transactions occurred with Directors or director related parties during the year.

(c) Related Party Transactions

During the year no Director of the company or related parties provided any goods or services to the company in exchange for payment.

The Company has a related party relationship with Balgowlah Seaforth Clontarf RSL Sub Branch (Sub Branch) as two of the Directors must be members of the Sub Branch as per the Company's constitution. During the year ended 31 December 2016, donations were made to the Sub Branch of \$5,645 (2015: \$4,740). The Sub Branch occupies part of the Club's premises free of charge and its members subscription collection is effected by the Company at no cost. No other transactions have occurred between the parties.

(d) Key Management Personnel Compensation

No Board member received any remuneration from the company during the year, however Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and drinks on a complimentary basis.

(e) Key Management Personnel

Key management personnel remuneration (as shown in Note 5) comprises the honorariums paid to Directors, and the remuneration of the General Manager.

	2016	2015
	\$	\$

26. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	125,799	797,796
Non-cash flows in profit:		
Depreciation and Amortisation	980,980	913,295
Profit on disposal of property, plant and equipment	(12,926)	(50,520)
Changes in assets and liabilities:		
(Increase) / Decrease in Trade Debtors and Accrued Income	(24,204)	(45,028)
(Increase) / Decrease in Stock on Hand	5,430	(17,313)
Increase / (Decrease) in Trade and Other Payables	265,820	(182,625)
(Increase) / Decrease in Prepayments	(8,661)	(13,438)
Increase / (Decrease) in Provision for Income Tax	(42,599)	(1,957)
Increase / (Decrease) in Other Provisions	24,290	35,486
Increase/(Decrease) in Deferred Tax Assets	(54)	(3,756)
	-	-
Net cash provided by operating activities	1,313,875	1,431,940

27. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in the carrying amounts for each class of property, plant and equipment.

	Freehold land (at valuation)	Club Buildings (at cost)	Plant and Equipment (at cost)	Poker Machines (at cost)	Computer Software (at cost)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2015	6,050,000	10,058,845	613,193	1,060,021	306,293	18,088,352
Additions	-	1,724,114	144,289	412,175	7,602	2,288,180
Depreciation expense	-	(407,532)	(142,635)	(296,498)	(66,630)	(913,295)
Transfer	-	-	52,434	-	(52,434)	-
Carrying amount at 31 December 2015	6,050,000	11,375,427	667,281	1,175,698	194,831	19,463,237
Additions	-	643,245	92,204	621,615	3,712	1,360,776
Disposals	-	(20,000)	(9,839)	(16,932)	-	(46,771)
Depreciation expense	-	(451,368)	(150,002)	(319,383)	(60,226)	(980,979)
Carrying amount at 31 December 2016	6,050,000	11,547,304	599,644	1,460,998	138,317	19,796,263

BALGOWLAH RSL MEMORIAL CLUB
ABN 92 001 074 184

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Balgowlah RSL Memorial Club, the directors of the company declare that:

1. The financial statements and notes, which comprise the statement of financial position as at 31 December 2016, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, a summary of significant accounting policies and other explanatory notes are in accordance with the Corporations Act 2001; and
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements; and
 - b. give a true and fair view of the financial position as at 31 December 2016 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.



Director
R J Paterson - President



Director
S Brown - Treasurer

BALGOWLAH RSL MEMORIAL CLUB
ABN 92 001 074 184

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
BALGOWLAH RSL MEMORIAL CLUB

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Balgowlah RSL Memorial Club (the company), which comprises the statement of financial position as at 31 December 2016, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of Balgowlah RSL Memorial Club has been prepared 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 2016 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standard, 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 **Balgowlah RSL Memorial Club**, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2016, 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 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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. There were no significant findings or deficiencies to report.

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

**CABEL Partners
Chartered Accountants**



Phillip Browne

**Registered Company Auditor
phillip@cabel.com.au**

North Sydney

Dated this 21st day of February 2017

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