



**BALGOWLAH RSL  
MEMORIAL CLUB**



**ANNUAL REPORT  
2015**



**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184 / ACN 001 074 184**  
**ANNUAL REPORT 2015**

**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	<a href="http://www.balgowlahrsl.com.au">www.balgowlahrsl.com.au</a>
Email	<a href="mailto:info@balgowlahrsl.com.au">info@balgowlahrsl.com.au</a>

**Board of Directors**

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

**Management**

Chief Executive Officer	Hendrik Visser
Operations Manager	David MacLean

**Auditor of Accounts**

CABEL Partners  
1 James Place, North Sydney.

**Solicitors**

Pigott Stinson  
10 Barrack St, Sydney

**Bankers**

Australian and New Zealand Banking Group Limited

**Affiliation**

Clubs NSW  
Club Directors Institute  
Clubs NSW Clubsafe  
Lifeline Balgowlah  
RSL & Services Clubs Association

## President's Report 2015

It gives me great pleasure to present on behalf of the Board of Directors the Annual Report for the year ended 31 December 2015.

Last year, I reported that the Clubs strategic direction was to remain focused on the key business drivers of customer service, revenue growth and expense control to maintain a level of profitability to allow continued future investment including Club facilities.



I am delighted to confirm to our members that through this continued focus we have over the past year invested almost \$2m in the building of the new Car Park incorporating a separate entrance and exit for members & visitors, as well as the complete refurbishment of the outdoor gaming area into a modern and functional facility. Our aim is to continue to invest wisely in future refurbishment activities and members will be advised of our plans via our monthly newsletters during 2016

As fully detailed in the Treasurers report we recorded a full year after tax profit of \$797,796 which although marginally less than 2014 is considered a sound overall result, and sets the foundation for our future planned activities. Prudent financial management, a strong Balance Sheet and Cash Flow is a critical success factor in any business and we are well placed to continue to grow in the coming financial year.

This year has not been without its challenges when one of our long serving Directors Bryan (Taffy) Renshaw stood down from the Board in March 2015. The Board appointed David O'Brien as an interim Director pending the full election process in March 2016. I would like to formally acknowledge Taffy's contribution to the Club over many years and thank David for his efforts over the past 12 months.

Additionally, our esteemed Treasurer and past President John Langford will for personal reasons not be seeking re-election in 2016. John has made a significant contribution to our Club for 17 years and he will be sadly missed by all of us who have had the pleasure of working with him on the Board. The Board has unanimously endorsed for member approval at the 2016 AGM that John's contribution be formally recognised by awarding him Life Membership of Balgowlah RSL Memorial Club.

As in previous years Balgowlah RSL is proud to have donated to 48 local charities, community and sporting groups. In conjunction with the RSL Sub Branch, cash and in-kind donations totalled \$218,000, and we are committed to continuing our support to our local community including very special organisations like Bear Cottage.

Our great Club is successful because of its people, so to our Chief Executive Hendrik Visser, Management and Staff I extend to you on behalf of the Board our thanks for the ongoing commitment you

all have in serving our members and their guests so professionally. Customer service is critical to our continued success and the Board appreciates your efforts.

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.

While it is an election year in 2016 I am confident that your new Board will continue the strategic journey to provide the best possible facilities for our members and guests

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

Bob Paterson

President

## Treasurer's Report 2015

It is with pleasure that I present the Balgowlah RSL Memorial Club Financial Statements which outline in detail the complete financial position of the Club for the 2015 year, together with a comparison of the key business unit results for 2014.



In business terms this has been a sound year for the Club, and I am pleased to report an after tax profit of \$797,796 (-1.84%) which although slightly less than the \$812,781 achieved in 2014 is considered a solid result, and with a strong balance in place leaving us in a very strong overall financial position moving forward into 2016.

The following Club Business Unit performance is summarised as follows:

### Total Club Income

\$12,154,749

(+1.79% on 2014 \$11,941,412)

In line with previous years which is a good overall result considering that increased income for the first 6 months of the year was offset by reductions during the car park/outdoor gaming renovations.

### Gaming Department Net Profit

\$4,298,519

(+5.9% on 2014 \$4,058,876)

Overall income (after GST) is up 4.85% to \$7,343,416 and we expect continued improved revenues in 2016 due to an increase in gaming machines from 112 to 120 installed late 2015.

### Beverage Department Profit

\$494,741

(+9.19% on 2014 \$453,093)

Although profit was up, overall income was down (-1.85%) or \$34,064 on 2014. This in part was caused by the reduction of trade caused by the inconvenience to members during the construction of the new car parking facility in the latter half of the year.

### Catering Department Profit

\$255,523

(-22.9% on 2014 \$331,423)

Actual income improved by +0.15% to \$2,389,414 but the high cost of some foods including beef and lamb which have not been fully passed onto members has impacted profit significantly. This is being closely watched by management to ensure our prices remain relevant compared to our competitors.

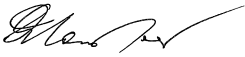
## Summary

As mentioned in the President's report we have continued to improve Club facilities by spending some \$2m during the year on improvements to the car park and outdoor gaming facilities.

As many of you may be aware that after 17 years of service to Balgowlah RSL Memorial Club, I have decided not to stand for re-election to the Board for 2016/17. This decision has not been taken lightly, but it is fair to say that I feel privileged to have represented members as a Director, Treasurer and President at various times over that time. I have seen many changes to the Club during this time and it is very pleasing for me leaving when the Club is in good health both financially and socially.

Hopefully I will be able to continue the good times with you all while on a lengthy spell of light duties.

To my fellow Board Members, our Chief Executive Officer Hendrik Visser, all our staff together with members of the Club, thank you for your support and friendship over the years.



John Langford  
Treasurer

**MINUTES OF THE FORTY SECOND ANNUAL GENERAL MEETING OF BALGOWLAH RSL MEMORIAL CLUB**

Held level 2 of the Club, Monday 30 March 2015 at 7:00pm.

PRESENT: 51 Members were present including 38 Class 1 Members and 13 Class 2 Members.

1 APOLOGIES:

M Ardill #2626, G Green-Smith #1603.

2 MINUTES OF PREVIOUS ANNUAL GENERAL MEETING:

Motion to confirm the Minutes of the 41st Annual General Meeting held on 31st March 2014. MOVED – J ARDILL #700; SECONDED – V DOUGHERTY #4827 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 2014.

MOVED – K HEARN DEN #2512; SECONDED J PROCTOR #392. THAT THE DIRECTORS REPORT AND DIRECTORS' STATEMENT FOR 31 DECEMBER 2014 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 2014 were tabled.

MOVED – D RICHARDSON #1841; SECONDED – P REESE #10219, THAT THE ANNUAL PROFIT AND LOSS ACCOUNTS; BALANCE SHEET; STATEMENT OF CASH FLOWS AND THE AUDITORS REPORT FOR THE YEAR ENDING 31 DECEMBER 2014 BE RECEIVED AND ADOPTED. MOTION CARRIED.

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 DOUGHERTY #4827; SECONDED –T BAKER #1972; MOTION CARRIED.

6 BUSINESS (with due notice given)

Special Resolution:

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

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

Deletion of Clause 25.4 and replacing it with the following Clause 25.4:

25.4 There shall be no less than two (2) Class I Members and/or Class I Life Members on the Board at all times.

PROPOSED R JONES #42; SECONDED T BAKER #1972

Speakers against the Motion: J C Waterhouse #1587; G McGifford #7637.

Speakers in favour of the Motion: R Jones #42; B Smith #303; C Jorey #836; T BAKER #1972.

President Paterson offered a secret ballot but the members advised that they would prefer a simple show of hands.

There being no further discussion from the meeting, the motion was put to the vote.

Votes in favour 30; Votes against 6. Motion carried.

10 OTHER BUSINESS (without notice)

Nil

CLOSE:

There being no further business, the meeting closed at 7:40pm.

# **BALGOWLAH RSL MEMORIAL CLUB**

## **NOTICE OF MEETING**

### **43<sup>rd</sup> ANNUAL GENERAL MEETING**

The 43<sup>rd</sup> Annual General Meeting is to be held at 7pm, Monday 21<sup>st</sup> March 2016 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 42<sup>nd</sup> Annual General Meeting held Monday 30<sup>th</sup> March 2015.
3. Business Arising from the minutes: Nil
4. To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31<sup>st</sup> December 2015.
5. To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31<sup>st</sup> December 2015.
6. To declare all positions vacant on the Board of Directors;  
To announce results of the ballot held for the Board of Directors;  
To declare the successful candidates elected for the ensuing two years.
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:
    - (i) President honorarium \$4,800 per annum
    - (ii) Treasurer honorarium \$4,800 per annum
    - (iii) All other Directors honorarium of \$2,400 per annum.

8. BUSINESS (with due notice given)

**Resolution:**

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

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

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

NOTES TO MEMBERS IN RELATION TO THE RESOLUTION

(i) To be approved, this Resolution must be passed by a two thirds majority of the members present and voting at the general meeting. (Constitution Clause 10.24)

(ii) Under the Registered Clubs Act members who are employees of the Club are not entitled to vote.

(iii) Proxy voting is prohibited by the Registered Clubs Act.

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

(v) The Club Directors recommend this Resolution to members.

9. OTHER BUSINESS

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

Light supper and refreshments will be served in the Gold Bar after the meeting.

## 2015 ANNUAL REPORT

From 1<sup>st</sup> March 2016, the Annual Report for the Club financial year, 2015, is available online by visiting the Club website [www.balgowlahrsf.com.au](http://www.balgowlahrsf.com.au) and will be available at the Club Reception. The Annual Report will be mailed to Members who have made that request.

Dated: 15<sup>th</sup> January 2016

By direction of the Committee:



Hendrik Visser

Chief Executive Officer

## **Club GRANTS – Donations (Category 1 and 2) 2015**

Balgowlah RSL Memorial Club is a proud supporter of our local community. The Club receives many applications for funding for the Category 1 round 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, mental health as well as junior sporting groups.

### **Club Grants Category 1**

Autism Spectrum Australia

Balgowlah-Seaforth-Clontarf RSL Sub Branch

Bear Cottage Manly

Cerebral Palsy Alliance

Exodus Foundation

Lara Jeans

Life Education NSW Ltd

Manly Warringah War Memorial Remembrance Trust

North Steyne Surf Life Saving Club

Parkinsons NSW Ltd

Pioneer Clubhouse

Queenscliff Surf Life Saving Club

Rotary Club of Balgowlah - Child's Play Program at Dalwood Spilstead Centre

Schizophrenic Fellowship NSW – Back to Work Program

St Vincent de Paul Society

### **Club Grants Category 2**

Balgowlah RSL Associated Clubs

Balgowlah RSL Darts

Balgowlah RSL Fishing Club

Balgowlah-Seaforth-Clontarf RSL Sub Branch

Balgowlah-Seaforth-Clontarf RSL Sub Branch Women's Auxiliary

Balgowlah RSL Toastmasters

### **Community Activity Groups**

Manly/Allambie Ladies Soccer Club

Manly Seaside Baseball Club

North Steyne SLSC

Queenscliff SLSC  
Queenscliff Netball Club  
Seaforth Cricket Club  
Seaforth Football Club  
Manly Diggers Swimming Club

### **Community Support Recipients**

1<sup>st</sup> Balgowlah Scouts  
1<sup>st</sup> Seaforth Sea Scouts  
Active women touched by Cancer  
Balgowlah Rotary Club  
Balgowlah Bowling Club  
Lions Club of Balgowlah  
Manly Central Probus  
Manly District Probus Club  
Balgowlah Probus Club  
Manly Probus Club  
Seaforth Probus Club  
Forest Kirk Uniting Church  
St Matthews Anglican Church Manly  
Men of League Foundation  
Manly West Public School  
Mackellar Girls High School  
Seaforth Public School  
Clontarf Precinct Committee  
Northern Beaches TAFE  
Northern Beaches Country Music Club

**ABN 92 001 074 184**  
**DIRECTORS' REPORT**

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2015 and report as follows:-

**1. 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 F AIM, F FIN, JP	Retired Human Resources Executive	4	President
J T D McAteer	Manager	11	Senior Vice President
I G Reese	Retired Airline Pilot	10	Junior Vice President
J E Langford	Retired Bank Officer	17	Treasurer
J P Ardill	Retired Company Director	8	Director
B Smith	Retired Bank Manager	3	Director
W D O'Brien Appointed 23 <sup>rd</sup> March 2015	Retired Managing Director	1	Director
B Renshaw Resigned 10 <sup>th</sup> March 2015	Navy Sub-Mariner	10	Retired Director

**2. Board Meetings**

The number of Board meetings and number of meetings attended by each of the Directors of the company during the 2015 financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
R J Paterson	13	13
J T D McAteer	13	13
I G Reese	13	12
J E Langford	13	7
J P Ardill	13	13
B Smith	13	12
W D O'Brien	10	7
B Renshaw	2	2

\* 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 2015 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 2015 was \$797,796.
5. **Dividends**

The company has no provision in its Articles for the payment of dividends.
6. **Review of Operations**

During the year 2015 as compared to 2014, the Clubs' total gross revenue was \$12,154,749, which was an increase of \$213,337. Total expenditure increased by \$130,202. The profit after tax was \$797,796 which is a decrease of \$14,985 from prior year (\$812,781). During the year, the Club has built a new level on its existing car park to add a further 55 car spaces and has built a new outdoor gaming facility. The Club repaid the last of its \$6m loan with the ANZ Bank in April 2015.

In December 2015, the Club commenced a new three year fixed interest loan facility for \$1,000,000 from the ANZ Bank.
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 2015, there are no matters or circumstances which have arisen since 31 December 2015 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**

	2015	2014
Class 1	225	241
Life Member, Class 1	5	6
Class 2	11,337	11,248
Class 3	11	13
Total Membership	11,578	11,508

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 2015, the collective amount members are liable to contribute if the company is wound up was approximately \$23,000 (2014:\$23,000 approximately).

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



.....  
R J Paterson F AIM, F FIN, JP - President



.....  
J E Langford - Treasurer

Dated at Balgowlah this 20<sup>th</sup> day of February 2015

**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 2015 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 26<sup>th</sup> day of February 2016

Providing certainty

1 James Place, North Sydney NSW 2060  
8 Belgrave Street, Manly

T. (02) 8071 0300 [www.cabel.com.au](http://www.cabel.com.au)

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**STATEMENT OF PROFIT AND LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE YEAR ENDED  
 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
Revenue	2	11,465,732	11,310,982
Consumables used		(1,659,889)	(1,720,662)
Employee benefits expense		(3,665,247)	(3,533,375)
Depreciation and amortisation expenses		(913,295)	(823,266)
Finance costs	3	(8,336)	(37,653)
Other expenses		(4,350,471)	(4,352,080)
<b>Profit before income tax expense</b>	3	868,494	843,947
Tax expense	4	(70,698)	(31,167)
<b>Profit for the year after income tax expense</b>		<b>797,796</b>	<b>812,780</b>
<b>Other comprehensive income for the year</b>			
Item that will be subsequently reclassified to the Statement of Profit and Loss and other Comprehensive Income when conditions are met			
Revaluation of land	17	-	1,845,000
<b>Other comprehensive income for the year</b>		-	1,845,000
<b>Total comprehensive income for the year</b>		<b>797,796</b>	<b>2,657,780</b>
Total comprehensive income attributable to members of the Company		797,796	2,657,780

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	610,604	885,943
Trade and other receivables	8	90,066	45,038
Inventories	9	131,094	113,781
Other assets	10	47,453	34,015
<b>TOTAL CURRENT ASSETS</b>		<b>879,217</b>	<b>1,078,777</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	19,463,238	18,088,353
Intangible assets	12	160,000	-
Deferred tax assets	13	29,949	26,193
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,653,187</b>	<b>18,114,546</b>
<b>TOTAL ASSETS</b>		<b>20,532,404</b>	<b>19,193,323</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	765,616	948,240
Borrowings	15	512,409	267,977
Current tax liabilities	13	15,685	17,642
Provisions	16	204,189	202,914
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,497,899</b>	<b>1,436,773</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	467,014	21,065
Provisions	16	279,951	245,741
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>746,965</b>	<b>266,806</b>
<b>TOTAL LIABILITIES</b>		<b>2,244,864</b>	<b>1,703,579</b>
<b>NET ASSETS</b>		<b>18,287,540</b>	<b>17,489,744</b>
<b>EQUITY</b>			
Reserves	17	4,576,243	4,576,243
Retained earnings		13,711,297	12,913,501
<b>TOTAL EQUITY</b>		<b>18,287,540</b>	<b>17,489,744</b>

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 DECEMBER 2015**

	Retained Earnings	Reserves	Total
	\$	\$	\$
<b>Balance at 1 January 2014</b>	12,100,722	2,731,243	14,831,965
<b>Comprehensive income</b>			
Profit for the year	812,779	-	812,779
Other comprehensive income for the year	17	- 1,845,000	1,845,000
<b>Total comprehensive income for the year attributable to members of the company</b>	812,779	1,845,000	2,657,779
<b>Balance at 31 December 2014</b>	12,913,501	4,576,243	17,489,744
<b>Balance at 1 January 2015</b>	12,913,501	4,576,243	17,489,744
<b>Comprehensive income</b>			
Profit for the year	797,796	-	797,796
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year attributable to members of the company</b>	797,796	-	797,796
<b>Balance at 31 December 2015</b>	13,711,297	4,576,243	18,287,540

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from Club Operations		12,201,536	12,086,369
Interest received		14,055	11,707
Payments to Suppliers and Employees		(10,907,600)	(10,640,805)
Rent Received		208,696	207,449
Interest and Finance Charges Paid		(8,336)	(37,653)
Income Taxes Refund /(Paid)		(76,411)	(81,824)
<b>Net cash provided by operating activities</b>	27	<b>1,431,940</b>	<b>1,545,243</b>
<b>Cash flows from investing activities</b>			
Payments for Property, Plant and Equipment		(2,288,180)	(585,005)
Proceeds from disposal of property, plant and equipment		50,520	81,940
Payment for purchase of intangible assets		(160,000)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(2,397,660)</b>	<b>(503,065)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (Repayments of) Borrowings - Bank		702,780	(766,669)
Proceeds from / (Repayments of) Borrowings - Other		(12,399)	(21,099)
<b>Net cash provided by (used in) financing activities</b>		<b>690,381</b>	<b>(787,768)</b>
Net increase (decrease) in cash held		(275,339)	254,410
Cash and cash equivalents at beginning of financial year		885,943	631,533
Cash and cash equivalents at end of financial year	27	<b>610,604</b>	<b>885,943</b>

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

**I. 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 2015, current liabilities exceeded current assets by \$618,682 (2014:\$357,996).

The Directors have prepared these accounts on a going concern basis as current liabilities include \$94,732 (2014: \$91,062) of subscriptions income received in advance that is not payable and there is a positive cash flow surplus from operating activities of \$1,431,940 (2014:\$1,545,243). The directors have continued to prepare the accounts on a going concern basis as the budget for 2016 indicate a trading profit and cash flow surplus which the directors are satisfied will be achieved.

b. **Income Tax**

The company's liability for income tax arises for a 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 revenue from non-members and includes income from rentals and interest, less concessional deductions claimable under the Income Tax Assessment Act. The company uses a substituted accounting period for income tax purposes as its financial year is from 1 January to 31 December.

The income tax expense for the year ended 31 December 2015 is \$70,698 (2014: \$31,167). Tax is paid by instalments. The income tax provision as at 31 December 2015 is \$15,685 (2014: \$17,642).

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 are future taxable profits 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 and buildings 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:

<b>Class of Fixed Asset:</b>	<b>Depreciation Rate</b>
Buildings	2.5%
Plant and Equipment (at cost)	10%-20%

Poker Machines (at cost)	7%
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 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.

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.

i. **Key Estimates**

*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 2015**

	Note	2015 \$	2014 \$
<b>2. REVENUE AND OTHER INCOME</b>			
Sales revenue:			
Sale of goods		4,195,519	4,226,007
Other revenue:			
Rental Revenue		208,696	207,449
Interest received	2(a)	14,055	11,707
Subscription and Entrance Fee		101,515	104,414
Gaming Revenue		7,343,416	7,003,612
Other revenue		50,520	92,182
Poker Machine GST Expense		(656,999)	(630,430)
Commission and Sundry Income		209,010	296,041
Total Revenue		<u>11,465,732</u>	<u>11,310,982</u>
(a) Interest received from: other corporations		<u>14,055</u>	<u>11,707</u>
<b>3. PROFIT FOR THE YEAR</b>			
Profit before income tax from continuing operations includes the following specific expenses:			
<b>Expenses</b>			
Interest expense:			
External		<u>8,336</u>	<u>37,653</u>
Total finance costs		<u>8,336</u>	<u>37,653</u>
Bar		634,492	674,829
Bottle shop		126,815	169,188
Catering		898,582	876,645
Cost of sales		<u>1,659,889</u>	<u>1,720,662</u>
Wages and Salaries		2,922,258	2,822,404
Other associated personnel expenses		171,869	201,466
Contributions to defined contributions plans		291,355	276,224
Employee leave benefits paid		244,279	246,792
Increase/(decrease) in liability for employee benefits		35,486	(13,511)
Employee benefits expense		<u>3,665,247</u>	<u>3,533,375</u>

**BALGOWLAH RSL MEMORIAL CLUB**  
**ABN 92 001 074 184**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
<b>TAX EXPENSE</b>		
(a) The components of tax income (expense) comprise:		
Current tax	70,698	31,167
(b) The prima facie tax payable on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 30% (2014: 30%)	260,549	253,184
<b>Add tax effect of:</b>		
Under / (overprovision) in tax expense in prior year	6,149	-
Deferred tax assets recognised in the accounts	3,756	-
	<hr/>	<hr/>
	270,454	253,184
<b>Less tax effect of:</b>		
Tax effect of non-deductible and non-assessable items (including portion attributable to members)	199,756	186,984
Under / (overprovision) in tax expense in prior year	-	8,840
Deferred tax assets recognised in the accounts	-	26,193
	<hr/>	<hr/>
<b>Income tax expense attributable to entity</b>	<b>70,698</b>	<b>31,167</b>
<hr/>		
<b>5. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
Short-term benefits	314,457	317,018
Post employment benefits	28,518	27,628
Other long-term benefits	70,999	66,093
Total compensation	<hr/>	<hr/>
	413,974	410,739
<hr/>		
<b>6. AUDITORS' REMUNERATION</b>		
Auditing and compilation of the financial report	26,780	26,000
Limited assurance engagement - Payroll system review	-	13,500
Taxation services	4,283	2,840
	<hr/>	<hr/>
	31,063	42,340
	<hr/>	<hr/>

	Note	2015	2014
		\$	\$
<b>7. CASH AND CASH EQUIVALENTS</b>			
Cash on hand		170,000	150,000
Cash at Bank		140,604	235,943
Short Term Deposits		300,000	500,000
		<u>610,604</u>	<u>885,943</u>
<b>8. TRADE AND OTHER RECEIVABLES</b>			
<b>CURRENT</b>			
Trade Debtors and Accrued Income		90,066	45,038
		<u>90,066</u>	<u>45,038</u>
<b>9. INVENTORIES</b>			
<b>CURRENT</b>			
<b>At cost:</b>			
Liquor Stock		81,675	86,448
Restaurant Stock		39,807	17,722
Uniform Stock		9,612	9,611
		<u>131,094</u>	<u>113,781</u>
<b>10. OTHER ASSETS</b>			
<b>CURRENT</b>			
Prepayments		47,453	34,015
		<u>47,453</u>	<u>34,015</u>
<b>11. PROPERTY, PLANT AND EQUIPMENT</b>			
Freehold land (at valuation)		6,050,000	6,050,000
Club buildings (at cost)		17,747,020	16,022,906
Less accumulated depreciation		(6,371,592)	(5,964,060)
		<u>11,375,428</u>	<u>10,058,846</u>
Total land and buildings		17,425,428	16,108,846
Plant and Equipment (at cost)		1,805,304	1,661,015
Less accumulated depreciation		(1,081,574)	(1,047,822)
		<u>723,730</u>	<u>613,193</u>
Poker Machines (at cost)		2,349,808	2,150,172
Less accumulated depreciation		(1,174,110)	(1,090,151)
		<u>1,175,698</u>	<u>1,060,021</u>
Computer Software (at cost)		370,345	362,743
Less accumulated depreciation		(231,963)	(56,450)
		<u>138,382</u>	<u>306,293</u>



	Note	2015 \$	2014 \$
Total plant and equipment		2,037,810	1,979,507
<b>Total property, plant and equipment</b>		<b>19,463,238</b>	<b>18,088,353</b>

- (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 28(a) at the end of this financial report.
- (c) **Asset revaluation**  
*Valuation of Land*  
The company's land was revalued on 9<sup>th</sup> 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.

## 12. INTANGIBLE ASSETS

Poker Machine	160,000	-
Entitlements- at cost		
Less accumulated amortisation and impairment	-	-
	<b>160,000</b>	<b>-</b>
Reconciliation of poker machine entitlements		
Additions- at cost	160,000	-
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Closing carrying value at 31 December 2015	<b>160,000</b>	<b>-</b>

## 13. TAX

(a) <b>Liabilities</b>		
<b>CURRENT</b>		
Income Tax	15,685	17,642
<b>NON-CURRENT</b>		
<b>Deferred Tax Asset</b>		
<b>Provisions</b>		
Opening balance	26,193	-
Charged to income	3,756	26,193
<b>Closing balance</b>	<b>29,949</b>	<b>26,193</b>
<b>Balance at year end</b>	<b>29,949</b>	<b>26,193</b>

	Note	2015	2014
		\$	\$
<b>14. TRADE AND OTHER PAYABLES</b>			
<b>CURRENT</b>			
Goods and services tax (net)		35,278	179,877
Other Creditors and Accruals		236,481	225,746
Trade Creditors		343,072	395,502
Subscriptions in Advance		94,732	91,062
Unearned income - Rent in advance		56,053	56,053
		<u>765,616</u>	<u>948,240</u>

#### 14. BORROWINGS

##### CURRENT

Bank Loan (Secured)		500,003	255,551
Other Loans (Hire Purchase - Net of Deferred Finance Charges)		12,406	12,426
		<u>512,409</u>	<u>267,977</u>

##### NON-CURRENT

Other Loans (Hire Purchase - Net of Deferred Finance Charges)		8,685	21,065
Bank Loan (Secured)		458,329	-
		<u>467,014</u>	<u>21,065</u>

- (a) At year end, the company holds a secured finance facility of \$1,666,000 (2014: \$1,879,887) which comprises \$1,000,000 for a tailored loan facility with fixed interest rate of 4.52% p.a until 16 November 2017 (2014: \$1,213,887 with fixed interest rate of 6.23% p.a until 1 April 2015). 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 (2014: \$63,889 per month until 1 April 2015). At year end \$641,667 (2014: \$600,000) of the finance facility was unused.

	Note	2015	2014
		\$	\$
<b>16. PROVISIONS</b>			
<b>CURRENT</b>			
Employee Entitlements		204,189	202,914
		<hr/>	<hr/>
<b>NON-CURRENT</b>			
Employee Entitlements		279,951	245,741
		<hr/>	<hr/>
<b>Employee Entitlements:</b>			
Opening balance at 1 January 2015		448,655	-
Additional provisions raised		35,486	-
Balance at 31 December 2015		484,141	-
<b>17. RESERVES</b>			
<b>Analysis of Each Class of Reserve:</b>			
Asset Revaluation Reserve		4,576,243	4,576,243
		<hr/>	<hr/>
Asset Revaluation Reserve:			
Movements during the year:			
Opening Balance		4,576,243	2,731,243
Movement via equity: Items that will be reclassified to profit or loss when conditions are met		-	1,845,000
		<hr/>	<hr/>
		4,576,243	4,576,243
		<hr/>	<hr/>

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

## 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	12,458	17,678
	<hr/>	<hr/>
	17,678	22,898
	<hr/>	<hr/>

The operating lease is for the phone system.

	Note	2015	2014
		\$	\$
<b>19. CONTINGENT LIABILITIES</b>			
Estimates of the potential financial effect of contingent liabilities that may become payable:			
<b>Bank Guarantees:</b>			
The company has given a bank guarantee to TAB Limited		5,000	5,000
<b>Member's rewards point</b>			
Value of points yet to be redeemed by members		36,189	38,755

**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 2015 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 2015.

**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.

*Financial liability and financial asset maturity analysis*

	Within 1 Year	
<b>Financial liabilities due for payment</b>		
Bank Loans	500,003	255,551
Hire Purchase Creditors	12,406	12,426
Total contractual outflows	512,409	267,977
Total expected outflows	512,409	267,977
Net (outflow)/inflow on financial instruments	(512,409)	(267,977)

	Note	2015	2014
		\$	\$
<b>Financial liabilities due for payment</b>			
		<b>1 to 5 Years</b>	
Bank loans		458,329	-
Hire Purchase Creditors		8,685	21,065
Total contractual outflows		<u>467,014</u>	<u>21,065</u>
Total expected outflows		<u>467,014</u>	<u>21,065</u>
Net (outflow)/inflow on financial instruments		<u>(467,014)</u>	<u>(21,065)</u>

<b>Financial liabilities</b>	<b>Total</b>	<b>Total</b>
Bank Loans	958,332	255,551
Hire Purchase Creditors	21,091	33,491
Total contractual outflows	<u>979,423</u>	<u>289,042</u>
Total expected outflows	<u>979,423</u>	<u>289,041</u>
Net (outflow)/inflow on financial instruments	<u>(979,423)</u>	<u>(289,041)</u>

(c) **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.

**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	2015	2014
		\$	\$
<b>LEVEL 2</b>			
<b>Recurring fair value measurements</b>			
Non-financial assets			
Freehold Land	11	6,050,000	6,050,000
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>6,050,000</b>	<b>6,050,000</b>
Liabilities			
Borrowings	15	979,423	289,042
<b>Total liabilities recognised at fair value</b>		<b>979,423</b>	<b>289,042</b>

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  
 Seaforth NSW 2092

#### 25. KEY MANAGEMENT PERSONNEL DISCLOSURE

##### a. Directors

The names of each person holding a position of Director of Balgowlah RSL Memorial Club during the financial year are: RL Paterson, JTD McAteer, IG Reese, JE Langford, JP Ardill, BJ Smith, WD O'Brien (from 23rd March 2016), B Renshaw (Until 10<sup>th</sup> March 2016).

##### b. Remuneration of Directors

Directors are paid a nominal honorarium of \$200 per month, while the Club President and the treasurer receive \$400 per month. Directors expenses incurred were \$28,288 (2014: \$26,153).

##### 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 RSL 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 2015, donations in kind were made to the Sub Branch of \$4,740 (2014: \$6,728). 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

Note	2015	2014
	\$	\$

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 and the Operations Manager.

## 26. CASH FLOW INFORMATION

### (a) Reconciliation of Cash

Cash at the end of financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

Cash	170,000	150,000
Cash at Bank	140,604	235,943
Short Term Deposits	300,000	500,000
	<u>610,604</u>	<u>885,943</u>

### (b) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	797,796	812,780
Non-cash flows in profit:		
Depreciation and Amortisation	913,295	823,266
Profit on disposal of property, plant and equipment	(50,520)	(62,343)
Changes in Assets & Liabilities:		
(Increase) / Decrease in Trade Debtors and Accrued Income	(45,028)	3,865
(Increase) / Decrease in Stock on Hand	(17,313)	6,253
Increase / (Decrease) in Trade Creditors	(52,430)	32,548
Increase / (Decrease) in GST Payable	(144,599)	(592)
(Increase) / Decrease in Debtors and Prepayments	(13,438)	(8,853)
Increase / (Decrease) in Other Operating Liabilities	14,404	2,487
Increase / (Decrease) in Provision for Income Tax	(1,957)	(24,464)
Increase / (Decrease) in Other Provisions	35,486	(13,511)
Increase/(Decrease) in Deferred Tax Assets	(3,756)	(26,193)
<b>Net cash provided by operating activities</b>	<u>1,431,940</u>	<u>1,545,243</u>



27. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in 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 2014	4,205,000	10,461,963	613,356	891,307	329,585	16,501,211
Additions	-	-	305,208	397,750	2,468	705,426
Disposals	-	-	(137,216)	(2,803)	-	(140,019)
Depreciation expense	-	(403,118)	(168,155)	(226,233)	(25,760)	(823,266)
Revaluation	1,845,000	-	-	-	-	1,845,000.00
<b>Carrying amount at 31 December 2014</b>	<b>6,050,000</b>	<b>10,058,845</b>	<b>613,193</b>	<b>1,060,021</b>	<b>306,293</b>	<b>18,088,352</b>
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	-	-	108,883	-	(108,883)	-
<b>Carrying amount at 31 December 2015</b>	<b>6,050,000</b>	<b>11,375,427</b>	<b>723,730</b>	<b>1,175,698</b>	<b>138,382</b>	<b>19,463,237</b>

## **BALGOWLAH RSL MEMORIAL CLUB**

**ABN 92 001 074 184**

### **DIRECTORS' DECLARATION**

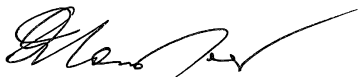
In accordance with a resolution of the directors of Balgowlah RSL Memorial Club, the directors of the company declare that:

1. The financial statements and notes, which comprise the statement of financial position as at 31 December 2015, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then 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 2015 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

J E Langford - Treasurer

Dated at Balgowlah this 26<sup>th</sup> day of February 2015

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

### **Report on the Financial Report**

We have audited the accompanying financial report of Balgowlah RSL Memorial Club (the company), which comprises the statement of financial position as at 31 December 2015 and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **The Responsibility of the Directors for the Financial Statements**

The Directors of the company are responsible for the preparation of a 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 is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Balgowlah RSL Memorial Club on 26<sup>th</sup> February 2016, would be in the same terms if provided to the directors as at the date of this auditor's report.

### **Auditor's Opinion**

In our opinion, the financial report present fairly, in all material respects the financial position of Balgowlah RSL Memorial Club as of 31 December 2015, and its financial performance for the year then ended in accordance with *Corporations Act 2001*, and the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Cabel Partners  
Chartered Accountants



Phillip Browne

Registered Company Auditor  
phillip@cabel.com.au  
North Sydney

Dated this 26<sup>th</sup> day of February 2015





## Balgowlah RSL Memorial Club

ACN 001 074 184

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[www.balgowlahrsl.com.au](http://www.balgowlahrsl.com.au)