

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Financial Statements

For the Year Ended 31 December 2013

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Report

31 December 2013

Your directors present their report on the company for the financial year ended 31 December 2013.

General information

Information on directors

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

Name	Position	Qualifications	Appointed/Resigned
Robert Challinor	President	Retired	
Harry Bassett	Treasurer	Retired	
Neil McLean	Director	Retired	
Ian Warren	Director	Training Consultant	
Ann Stainthorpe	Director	Retired	
Gregory Nolan	Director	Builder	Appointed 29 May 2013
David Darby	Ex Vice President	Retired	Resigned 19 March 2013
Alan Holden	Director	Retired	Resigned 27 February 2013

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

Principal activities

The principal activity of the company during the financial year was to operate a Registered Club for its members and their guests, including all of the usual facilities of a club.

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

Short term objectives

The company's short term objectives are to:

- to return the company to operating profit; and
- provide facilities to members and guests that exceed their expectations.

Long term objectives

The company's long term objectives are to:

- to ensure the company is a viable Club for use by members and guests for many years; and
- to repay the company's loans.

Strategy for achieving the objectives

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

- implement cost cutting measures to areas that are deemed non-value added; and
- membership drives to increase the company's membership base.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Report

31 December 2013

General information (Continued)

Performance measures

The following measures are used within the company to monitor performance:

- ability to generate positive operating cash flows,
- overall result for the year; and
- quality of the service and facilities provide to members and guests.

Members guarantee

Corrimal RSL Memorial Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$5, subject to the provisions of the company's constitution.

At 31 December 2013 the collective liability of members was \$ 13,255 (2012: \$ 13,050).

Meetings of directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
R Challinor	13	13
H Bassett	13	11
N McLean	13	11
I Warren	13	8
A Stainthorpe	13	11
G Nolan	7	7
D Darby	2	2
A Holden	1	1

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Report

31 December 2013

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2013 has been received and can be found on page 4 of the financial report.

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

R Challinor
Director



3 March 2014

Wollongong

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Corrimal RSL Memorial Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013, there have been:

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


Daley & Co
Chartered Accountants


Michael Mundt
Partner

3 March 2014

Wollongong

Liability is limited by a scheme approved under Professional Standards Legislation.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue	2	2,342,694	2,512,934
Other income	2	35,684	29,000
Cost of sales		(282,712)	(319,550)
Employee benefits expense		(789,874)	(831,369)
Depreciation and amortisation expense	3	(363,002)	(216,343)
Direct bar expenses		(14,128)	(19,040)
Poker machine expenses		(263,670)	(312,682)
Club operation expenses		(790,702)	(847,217)
Rental property expense		(30,361)	(10,953)
Other expenses		(12,716)	(13,128)
Finance costs		(39,187)	(54,133)
Loss before income tax		(207,974)	(82,481)
Income tax expense	4	-	-
Loss for the year		(207,974)	(82,481)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(207,974)	(82,481)

The accompanying notes form part of these financial statements.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Balance Sheet

As At 31 December 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	183,478	134,197
Trade and other receivables	6	30,666	9,774
Inventories	7	17,192	15,620
Other financial assets	8	-	10,000
Other assets	9	6,868	7,817
TOTAL CURRENT ASSETS		238,204	177,408
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,511,548	2,570,689
TOTAL NON-CURRENT ASSETS		2,511,548	2,570,689
TOTAL ASSETS		2,749,752	2,748,097
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	309,914	140,741
Borrowings	12	106,850	32,922
Employee benefits	13	61,795	65,338
TOTAL CURRENT LIABILITIES		478,559	239,001
NON-CURRENT LIABILITIES			
Borrowings	12	470,173	487,598
Employee benefits	13	9,744	22,248
TOTAL NON-CURRENT LIABILITIES		479,917	509,846
TOTAL LIABILITIES		958,476	748,847
NET ASSETS		1,791,276	1,999,250
EQUITY			
Retained earnings		1,791,276	1,999,250
TOTAL EQUITY		1,791,276	1,999,250

The accompanying notes form part of these financial statements.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Statement of Changes in Equity

For the Year Ended 31 December 2013

	Retained earnings	
	2013	2012
	\$	\$
Balance as at 1 January	1,999,250	2,081,731
Result for the year	(207,974)	(82,481)
Balance as at 31 December	1,791,276	1,999,250

The accompanying notes form part of these financial statements.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Statement of Cash Flows

For the Year Ended 31 December 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		2,608,991	2,619,479
Payments to suppliers and employees		(2,283,222)	(2,450,647)
Interest received		58	465
Finance costs		(39,187)	(54,133)
Net cash provided by operating activities		<u>286,640</u>	<u>115,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		15,500	-
Purchase of property, plant and equipment		(319,363)	(91,538)
Proceeds from held-to-maturity investments		10,000	-
Net cash used by investing activities		<u>(293,863)</u>	<u>(91,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from borrowings		<u>56,504</u>	<u>(39,618)</u>
Net cash provided by/(used by) financing activities		<u>56,504</u>	<u>(39,618)</u>
Net increase/(decrease) in cash and cash equivalents held		49,281	(15,992)
Cash and cash equivalents at beginning of year		<u>134,197</u>	<u>150,189</u>
Cash and cash equivalents at end of financial year	5	<u>183,478</u>	<u>134,197</u>

The accompanying notes form part of these financial statements.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

The financial statements are for Corrimal RSL Memorial Club Limited as a not-for-profit company limited by guarantee.

The functional and presentation currency of Corrimal RSL Memorial Club Limited is Australian Dollars.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

(b) Comparative figures

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

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(d) Property, plant and equipment

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

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Properties held by the company specifically designated as being for strategic purposes are classified as property, plant and equipment rather than investment properties, as allowed under the Accounting Standards notwithstanding that rental income is being earned. These properties are carried at cost less depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on either a straight-line basis or diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	9 - 30%
Furniture, Fixtures and Fittings	6 - 20%
Motor Vehicles	20 - 25%
Office Equipment	20 - 50%
Leasehold improvements	2.5%
Poker Machines	25 - 50%

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

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

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(e) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the company assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Derecognition (Continued)

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(f) Impairment of non-financial assets

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Provisions

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

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

(i) Trade and other payables

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

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(j) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

(k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that 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.

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 of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(l) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(l) Revenue and other income (Continued)

Sale of goods

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

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

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

(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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(n) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 - property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual value over their anticipated useful lives using the straight-line basis. Management reviews residual values annually considering market conditions and disposal values.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (Continued)

(o) Change in accounting estimate

The company changed its accounting policy relating to remaining useful life of certain leasehold improvements which are to be removed as part of new construction activities to be completed soon after balance date.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2013 is an additional depreciation expense of \$145,593.

2 Revenue and Other Income

Revenue from continuing operations

	2013	2012
	\$	\$
Sales revenue		
- Bar sales revenue	698,465	665,056
- Poker machine revenue	1,541,626	1,736,701
- Member subscriptions	9,773	10,359
- Commissions	65,237	83,024
- GST rebate	17,180	17,180
- Insurance recoveries	10,355	149
- Interest income	58	465
	<u>2,342,694</u>	<u>2,512,934</u>
Other revenue		
- Rental income	31,924	24,171
- Other income	3,760	4,829
	<u>35,684</u>	<u>29,000</u>
Total Revenue	<u><u>2,378,378</u></u>	<u><u>2,541,934</u></u>

3 Result for the Year

Expenses

Depreciation expense	363,002	216,343
Interest expense on financial liabilities	39,187	54,133
Superannuation contributions	64,835	64,143
Rental expense on operating leases minimum lease payments	53,233	52,386

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

4 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2013	2012
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)	<u>(62,392)</u>	<u>(24,744)</u>
Add:		
Tax effect of:		
- Partly assessable income	<u>47,108</u>	15,974
	<u>(15,284)</u>	<u>(8,770)</u>
Less:		
Tax effect of:		
- Income and expenditure subject to mutuality and not assessable	<u>(2,932)</u>	(3,108)
- Deferred tax asset unable to be carried forward	<u>(12,352)</u>	<u>(5,662)</u>
Income tax expense	<u>-</u>	<u>-</u>

5 Cash and cash equivalents

Cash on hand	92,636	94,639
Cash at bank	<u>90,842</u>	<u>39,558</u>
	<u>183,478</u>	<u>134,197</u>

6 Trade and other receivables

Deposits	8,988	-
Other receivables	<u>21,678</u>	<u>9,774</u>
	<u>30,666</u>	<u>9,774</u>

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

7 Inventories		
	2013	2012
	\$	\$
Inventories	<u>17,192</u>	<u>15,620</u>
8 Other financial assets		
Held-to-maturity financial assets	<u>-</u>	<u>10,000</u>
9 Other assets		
Prepayments	<u>6,868</u>	<u>7,817</u>
10 Property, plant and equipment		
LAND AND BUILDINGS		
At cost	422,474	422,475
Accumulated depreciation	<u>(88,576)</u>	<u>(87,640)</u>
Total land and buildings	<u>333,898</u>	<u>334,835</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>77,381</u>	-
Plant and equipment		
At cost	519,341	490,442
Accumulated depreciation	<u>(382,352)</u>	<u>(345,725)</u>
Total plant and equipment	<u>136,989</u>	<u>144,717</u>
Poker machines		
At cost	1,003,009	1,031,378
Accumulated depreciation	<u>(793,227)</u>	<u>(954,950)</u>
Total poker machines	<u>209,782</u>	<u>76,428</u>

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

10 Property, plant and equipment (Continued)

	2013	2012
	\$	\$
Leasehold Improvements		
At cost	2,952,999	2,952,999
Accumulated amortisation	(1,323,730)	(1,096,760)
Total leasehold improvements	<u>1,629,269</u>	<u>1,856,239</u>
Kitchen/Bistro		
At cost	281,409	281,229
Accumulated depreciation	(225,422)	(198,362)
Total kitchen/bistro	<u>55,987</u>	<u>82,867</u>
Bar		
At cost	183,539	183,538
Accumulated depreciation	(115,297)	(107,935)
Total Bar	<u>68,242</u>	<u>75,603</u>
Total property, plant and equipment	<u><u>2,511,548</u></u>	<u><u>2,570,689</u></u>

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

10 Property, plant and equipment (Continued)

(a) Movements in carrying amounts

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

	Land and buildings	Plant and equipment	Poker machines	Leasehold improvements	Kitchen/ bistro	Bar	Capital WIP	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	334,835	144,717	76,428	1,856,239	82,867	75,603	-	2,570,689
Additions	-	33,102	208,880	-	-	-	77,381	319,363
Disposals	-	(267)	(15,235)	-	-	-	-	(15,502)
Depreciation expense	(937)	(40,563)	(60,291)	(226,970)	(26,880)	(7,361)	-	(363,002)
Balance at 31 December 2013	333,898	136,989	209,782	1,629,269	55,987	68,242	77,381	2,511,548

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

10 Property, plant and equipment (Continued)

(b) Core and non-core property

As required under section 41J of the Registered Clubs Act 1976, the Club is required to specify the core property and non-core properties owned as at the end of the financial year. Accordingly, the Board considers as core property the leased licensed premises from which Club operates at 168 Princess Highway Corrimal, including all freehold land referred to in the title deeds of the main licensed premises site (predominantly the car parking area).

The properties at 148 & 152 Princes Highway, Corrimal are not considered to be core properties of the Club given that they are not the defined premises of the Club, nor any facility provided by the Club for the use of its members and their guests, nor any other property declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the Club.

11 Trade and other payables

	2013	2012
	\$	\$
Trade payables	217,005	57,725
GST payable	13,541	25,625
Employee benefits	13,632	17,424
Other payables	65,736	39,967
	<u>309,914</u>	<u>140,741</u>

12 Borrowings

CURRENT

Secured liabilities:

Bank overdraft		-	1,013
Lease liability	14	39,306	6,506
Bank loans		67,544	25,403

Total current borrowings

106,850 32,922

NON-CURRENT

Secured liabilities:

Lease liability	14	41,385	13,324
Bank loans		428,788	474,274

Total non-current borrowings

470,173 487,598

Leased liabilities are secured by the underlying leased assets.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

13 Employee benefits

	2013	2012
	\$	\$
CURRENT		
Long service leave	23,393	29,017
Provision for employee benefits	38,402	36,321
	<u>61,795</u>	<u>65,338</u>
NON-CURRENT		
Long service leave	9,744	22,248
	<u>9,744</u>	<u>22,248</u>

14 Capital and Leasing Commitments

(a) Finance Leases

Minimum lease payments:

- not later than one year	43,078	7,821
- between one year and five years	43,154	22,160
Minimum lease payments	<u>86,232</u>	<u>29,981</u>

Finance leases are in place for recreational assets and normally have a term between 2 and 3 years.

(b) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	58,654	58,654
- between one year and five years	57,787	108,401
	<u>116,441</u>	<u>167,055</u>

Operating leases have been taken out for the premises and general office equipment. Lease payments are increased on an annual basis to reflect market rentals.

(c) Contracted Commitments

Contracted commitments for:

Capital works	<u>257,958</u>	-
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Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

15 Financial risk management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and leases.

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

	Note	2013 \$	2012 \$
Financial Assets			
Cash and cash equivalents	5	183,478	134,197
Held-to-maturity investments	8	-	10,000
Trade and other receivables	6	30,666	9,774
Total financial assets		214,144	153,971
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	309,914	140,741
- Borrowings	12	577,023	520,520
Total financial liabilities		886,937	661,261

Net fair values

Fair value estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

16 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the company is \$ 104,577 (2012: \$ 104,933).

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2013

17 Contingent liabilities and contingent assets

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

	2013	2012
	\$	\$
Contingent Liabilities		
Guarantees to the company's Bankers in respect of guarantees to third parties arising out of normal business.	<u>5,000</u>	<u>5,000</u>

18 Related Party Transactions

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

(a) **Key Management Personnel**

Payment made to director controlled entity	<u>52,110</u>	-
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19 Events after the end of the Reporting Period

The financial report was authorised for issue on 26 February 2014 by the Board of Directors.

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

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
 - b. give a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

R Challinor
Director



3 March 2014

Wollongong

Independent Audit Report to the members of Corrimal RSL Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Corrimal RSL Club Limited, which comprises the balance sheet as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 risks 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 Company'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 opinion on the effectiveness of the Company'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*.

Independent Audit Report to the members of Corrimal RSL Memorial Club Limited (Continued)

Opinion

In our opinion the financial report of Corrimal RSL Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Daley & Co.
Daley & Co
Chartered Accountants

Michael Mundt
Michael Mundt
Partner

3 March 2014

Wollongong

Liability limited by a scheme approved under Professional Standards Legislation