

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Financial Statements

For the Year Ended 31 December 2012

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

31 December 2012

Financial Statements

Contents	Page
Notice of Annual General Meeting and Agenda	1
President's Address	2
Sub-Branch President's Report	3
Secretary Manager's Report	4
Directors' Report	5
Auditor's Independence Declaration	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	29
Independent Audit Report	30



Corrimal RSL Memorial Club Ltd.

Notice of AGM

The Annual General Meeting for Corrimal RSL Memorial Club Ltd. ABN 83 000 872 033 will be held in the club rooms located at 168 Princes Hwy Corrimal, NSW 2518 at **9.00am on Sun 5th May, 2013.**

Agenda:

1. To confirm the Minutes of the previous AGM.
2. To receive and consider the Directors' Report and Declaration.
3. To receive and consider the Income Statement, Balance Sheet and the Independent Audit Report
4. To approve any Honorariums.
5. To appoint the Auditor.
6. To deal with any business of which due notice has been given.

MEMBERS PLEASE NOTE

Note 1:

Members are requested to advise the Secretary, in writing, seven (7) days prior to the date of the Annual General Meeting of any query relating to the Financial Statements.

Note 2:

There is no requirement under the Corporations Law to circulate the detailed Income Statement. This is on display on the Club's Notice Board, or it may be inspected in the office.

Resolution

(1) The members hereby approve expenditure by the Club in the sum not exceeding \$30,000 over the next 12 months for the following expenses subject to approval.

by the Board of Directors:

- (a) Directors education and training, including seminars, courses and conferences to comply with Club governance legislation. New laws commence 1 July, 2013 which detail the level of education and training required by Club Directors and Management. This includes new director pre-nomination training
- (b) The cost of reasonable refreshments associated with each Board or Committee meeting of the Club
- (c) Reasonable expenses incurred by the Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club
- (d) Provision of lap top computer and mobile phone for the President
- (e) The members acknowledge the benefits above are not available to members generally, but only for those who are elected to the board of directors.

Bernie Brown – Secretary Manager

From the CEO's Desk

Dear valued member it's that time of year again to renew your membership. Fees for this year remain the same as previous years at **\$5.50** and **\$2.20** for aged pensioners for 12 months. Memberships are now due and payable. Please renew by 30th April, 2013.

Many members are now taking advantage of our new points system over the bar. Members now receive 1c per dollar spend over the bar to be used in the club. Members are also enjoying the new furniture including lounges and tub chairs which will be in by ANZAC day. The lounge areas have also undergone a nice new fresh coat of paint which has brightened up the club greatly.

Your board and management have recently undertaken professional strategic planning with industry leaders Lawler Partners. The board now have a strong focus and vision for the future of the club and plans in place with an emphasis continued improvement of members' facilities, customer service and community engagement. In light of this many members will be approached to attend focus group sessions where they will be able to contribute to the future direction of the club. If you are invited to these sessions please consider attending and there will be some great incentives as well.



Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

President's Address

Dear Members

Another year, another annual report on the Club's business and social activities for the past and coming year. Most of the items mentioned in my 2010 report have gone well with 2 exceptions.

1. The elimination of the obnoxious odour that in spite of our best efforts continues to haunt us from time to time. The latest attempt to eliminate it has been to repair an 8ft by 4ft hole in the southern rear corner of the Club wall. This large hole may have allowed the odours from stink pipes on adjacent buildings to enter the Club.
2. The enterprise agreement has not delivered the desired results judging by the number and frequency of member's complaints. Further to this the Board has given serious consideration to having a workplace consultant carry out a review of our operations to determine if we can make improvements.

Sadly we lost long serving life member of the Memorial Club Mr Phil Dobbs OAM, JP. Phil was a stalwart of the Club and will be sadly missed. We have lost several members to tragic circumstances, illness, accident or old age so to those members who have lost loved ones we extend our sympathy.

To all members who are ill at home or in hospital, I wish you a speedy recovery and look forward to welcoming you back to the Club soon.

On behalf of the Memorial Club I would like to thank the Sub Branch for their most valuable assistance throughout 2011, without which, the Memorial Club would not have a bus for the convenience of all RSL Club members. The Sub Branch's assistance goes a long way to show the strength of good will and comradeship that exists between Sub Branch and Memorial Club.

Financially 2011 was an odd year for trade. The periods where we should have had good results were poor and those periods that were usually poor were good, however, I will leave the finances for the treasurer and/or auditors to explain. 2012 looks like being another tough year so we should not become complacent.

To the members who make the effort worthwhile, there are times when things do not go well in spite of our best intentions, for this I can only apologise and thank you for your patience, because without your goodwill, support and friendship the Club would not be worth working for. To each and every member accept my thanks and gratitude.

To our darts, lawn bowls and snooker Clubs congratulations on surviving another year. It is hoped you will continue to do so and best wishes for the year ahead. Thank you for being a part of our Club activities. I would also like to thank the ladies committee for their fund raising efforts over the past year.

Our management and office staff are deserving of our thanks for their efforts and support along with the general staff over the past year. I would like to thank the Directors for their support and friendship.

Finally, I am always ready to take the time to talk and listen to members whether it is a complaint, suggestion or question and do what I can to solve any issues.

Many thanks to all.
R J Challinor JP

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Sub-Branch President's Report

Corrimal RSL Sub Branch had a very satisfactory year in 2011. Our membership remained stable although it is with sadness we have seen the passing of several of our comrades during the past year. The most recent being the late Phil Dobbs OAM, JP, a life member of the RSL, being a loyal continuous member of the league since 1944 and also a life member of the Corrimal RSL Memorial Club.

Our monthly sub-branch meetings were all well attended in 2011 and I hope this trend will continue in 2012. I do request sub-branch members do their utmost during 2012 to recruit new members, particularly those younger service veterans who served their country in Iraq and the current Afghanistan conflict. Our sub-branch continues to offer free membership of the RSL to those eligible service with the Navy, Army, Air Force and Merchant Marines.

I wish to mention the excellent relations between the sub-branch and the management along with the board of directors of the Memorial Club. During my years as president of the sub-branch it has been a pleasure to cooperate with the Club on numerous important matters and I have no doubt that those relations will continue in the long term future. May I also express my appreciation to the administration staff of the Memorial Club for their valued support and kindness during the past year.

With ANZAC Sunday fast approaching followed by ANZAC day, our nation's most sacred day, we will once again pause to remember and pay tribute to our fallen who paid the supreme sacrifice to allow us who remain to live in peace and freedom.

To the relatives and friends of those sub-branch members who passed away during 2011 may I on behalf of the executive and members of the sub-branch offer our sincere sympathy in your sad loss.

Finally I wish to express my gratitude to sub-branch Secretary Chris Crisp, Treasurer Harry Basset, Vice-President Bob Smith, Vice President and Pensions Officer Bob Challinor and Welfare Officer Bronwyn Darby for their valued support throughout the year.

Trevor (John) Simpson

President

Corrimal RSL Sub-Branch

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Secretary Manager's Report

Hi Everyone,

The result for 2011 was a loss of \$27,456 which is an improvement from last year. When looking at the operating cash flows being generated, they are also much improved at \$164,693 for the year (2010: \$22,913) with this being used to reinvest back into the club (\$81,809) and to retire debt (\$61,038).

To Aby Dobbs, again our condolences, Phil was one of the first people I met in the Club way back in 1974, I was in the foyer unsure what to do to join the Club when Phil approached me and said 'can I help you son?' that was Phil, he was a decent bloke which in my eyes means a lot.

With regard to the intermittent odour that still plagues us, I ended up ringing the Health Department and explained our problem and what we have done to rectify it, their comment 'I don't know what else you can do' so at least it seems we have been doing the right things in combating it.

My thanks to the Thursday morning bingo players, with your help we raised a tad over \$2,700 for Legacy last year, Legacy as you know is a really worthwhile charity, thanks again.

A big thank you to the Sub-Branch for the lovely new bus, without you we would have had to have kept the old bus together with string and bailing twine for another year before we could have looked at buying a new one, and I am sure another big thank you from the members who now travel in air conditioned comfort.

To the general staff, the people at the coal face, well done, I can make plans but you are the ones who carry them out, I have heard nothing but good things from 99% of our members, but unfortunately as is the case in every Club there is the 1%, as always I am available to hear any complaints from members, last year was pleasing as I had a few people come and see me, but with positive comments, even one mum who said how happy they were with the Little Digger's Disco.

At least we have been able to address the TAB room and do something for the punters, stage 1 is complete with 14 new 26" TVs, a self serve EBT unit and the elimination of the draught from behind the old TVs (that one was for you Cocky), stage 2 will involve the pushing back of the Northern Wall 1.5 meters which will enable another 8 to 10 seats in the room, thank you to Norm, Dennis and the boys from Technoprom.

This is a good Club, with a safe, relaxed and pleasant environment, that is why people keep coming back, the staff and myself will continue to keep it that way, it is known in the general community that anti-social behaviour of any kind will not be tolerated, here's to another good year in 2012.

Cheers

Steve Hill (Hilly)

Secretary Manager

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Report

31 December 2012

Your directors present their report on Corrimal RSL Memorial Club Limited for the financial year ended 31 December 2012.

1. General information

Information on directors

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

Name	Position	Qualifications	Appointed/Resigned
Robert Challinor	President	Retired	
David Darby	Vice President	Retired	
Harry Bassett	Treasurer	Retired	Appointed 1 April 2012
Robert Buckley	Director	Retired	Resigned 1 April 2012
Chris Crisp	Director	Retired	Resigned 1 April 2012
William Hayman	Director	Retired	Resigned 1 April 2012
Neil McLean	Director	Retired	Appointed 1 April 2012
Ian Warren	Director	Retired	Appointed 1 April 2012
Ann Stainthorpe	Director	Retired	Appointed 1 April 2012

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 Corrimal RSL Memorial Club Limited 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 2012

1. 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 2012 the collective liability of members was \$ 13,050 (2011: \$ 13,210).

Meetings of directors

During the financial year, 14 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
Robert Challinor	14	12
Robert Buckley	3	3
Chris Crisp	3	3
William Hayman	3	3
Barbara Higgins	3	3
David Darby	14	12
Alan Holden	14	14
Harry Bassett	11	7
Neil Mclean	11	8
Ian Warren	11	6
Ann Stainthorpe	11	10

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Directors' Report

31 December 2012

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 2012 has been received and can be found on page 8 of the financial report.

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

Robert Challinor
Director

Handwritten signature of Robert Challinor, consisting of the initials 'R J' followed by a stylized signature and the initials 'J.P.' to the right.

Wollongong

27 March 2013

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
to the Directors Corrimal RSL Memorial Club Limited**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012, 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

27 March 2013

Wollongong

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

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Statement of Comprehensive Income

For the Year Ended 31 December 2012

	Note	2012 \$	2011 \$
Revenue	2	2,512,934	2,664,392
Other income	2	29,000	30,332
Cost of sales		(319,550)	(327,173)
Depreciation and amortisation expense	3	(151,354)	(154,629)
Direct bar expenses		(451,455)	(268,062)
Direct poker machine expenses		(369,879)	(601,233)
Employee related expenses - other		(406,746)	(400,674)
Club operation expenses		(847,217)	(897,072)
Rental property expense		(10,953)	(11,397)
Other expenses		(13,128)	-
Finance costs		(54,133)	(61,940)
Loss before income tax		(82,481)	(27,456)
Income tax expense	4	-	-
Loss for the year		(82,481)	(27,456)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(82,481)	(27,456)

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 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	134,197	150,189
Trade and other receivables	6	9,774	-
Inventories	7	15,620	28,818
Other financial assets	8	10,000	10,000
Other assets	9	7,817	19,990
TOTAL CURRENT ASSETS		177,408	208,997
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,570,689	2,708,171
TOTAL NON-CURRENT ASSETS		2,570,689	2,708,171
TOTAL ASSETS		2,748,097	2,917,168
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	140,741	153,252
Borrowings	12	32,922	60,615
Employee benefits	13	65,338	114,450
TOTAL CURRENT LIABILITIES		239,001	328,317
NON-CURRENT LIABILITIES			
Borrowings	12	487,598	499,523
Employee benefits	13	22,248	7,597
TOTAL NON-CURRENT LIABILITIES		509,846	507,120
TOTAL LIABILITIES		748,847	835,437
NET ASSETS		1,999,250	2,081,731
EQUITY			
Retained earnings		1,999,250	2,081,731
TOTAL EQUITY		1,999,250	2,081,731

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 2012

	Retained earnings	
	2012	2011
	\$	\$
Balance as at 1 January	2,081,731	2,109,187
Result for the year	(82,481)	(27,456)
Balance as at 31 December	1,999,250	2,081,731

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 2012

	2012	2011
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,619,479	2,986,686
Payments to suppliers and employees	(2,450,647)	(2,760,560)
Interest received	465	507
Finance costs	(54,133)	(61,940)
Net cash provided by operating activities	<u>115,164</u>	<u>164,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(91,538)</u>	<u>(81,809)</u>
Net cash used by investing activities	<u>(91,538)</u>	<u>(81,809)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	<u>(39,618)</u>	<u>(61,038)</u>
Net cash used by financing activities	<u>(39,618)</u>	<u>(61,038)</u>
Net (decrease)/increase in cash and cash equivalents held	(15,992)	21,846
Cash and cash equivalents at beginning of year	<u>150,189</u>	<u>128,343</u>
Cash and cash equivalents at end of financial year	5 <u>134,197</u>	<u>150,189</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 2012

The financial statements are for Corrimal RSL Memorial Club Limited as a not-for-profit individual entity.

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.

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.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

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 less depreciation and impairment losses. 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 a reducing balance 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.

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

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(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.

The company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

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 2012

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 assesses 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 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 2012

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 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.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(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.

(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 that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

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 Corrimal RSL Memorial Club Limited's activities as discussed below.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

1. Summary of Significant Accounting Policies (Continued)

(l) Revenue and other income (Continued)

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.

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.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

2. Revenue and Other Income

Revenue from continuing operations

	2012	2011
	\$	\$
Sales revenue		
- Bar sales revenue	665,056	667,963
- Poker machine revenue	1,736,701	1,855,241
- Member subscriptions	10,359	10,000
- Commissions	83,024	89,005
- GST rebate	17,180	17,180
- Insurance recoveries	149	24,496
- Interest income	465	507
	<u>2,512,934</u>	<u>2,664,392</u>
Other revenue		
- Rental income	24,171	28,595
- Other income	4,829	1,737
	<u>29,000</u>	<u>30,332</u>
Total Revenue	<u>2,541,934</u>	<u>2,694,724</u>

3. Result for the Year

(a) Expenses

Depreciation and Amortisation		
Depreciation expense	215,966	211,776
Interest expense on financial liabilities	54,133	61,940
Superannuation contributions	64,143	65,900
Rental expense on operating leases		
minimum lease payments	52,386	51,085

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

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:

	2012	2011
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	<u>(24,744)</u>	<u>(8,237)</u>
Add:		
Tax effect of:		
- Partly assessable income	<u>15,974</u>	<u>3,007</u>
	(8,770)	(5,230)
Less:		
Tax effect of:		
- Income and expenditure subject to mutuality and not assessable	(3,108)	(3,000)
- Deferred tax asset unable to be carried forward	<u>(5,662)</u>	<u>(2,230)</u>
Income tax expense	<u>-</u>	<u>-</u>
5. Cash and cash equivalents		
Cash on hand	94,639	105,908
Cash at bank	<u>39,558</u>	<u>44,281</u>
	<u>134,197</u>	<u>150,189</u>
6. Trade and other receivables		
CURRENT		
Other receivables	<u>9,774</u>	<u>-</u>

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

7. Inventories

	2012	2011
	\$	\$
CURRENT		
At cost:		
Inventory	15,620	28,818

8. Other financial assets

Held-to-maturity financial assets	10,000	10,000
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9. Other assets

CURRENT		
Prepayments	7,817	19,990

10. Property, plant and equipment

Land and buildings		
At cost	422,475	422,474
Accumulated depreciation	(87,640)	(86,679)
Total land and buildings	334,835	335,795
Plant and equipment		
At cost	490,442	550,672
Accumulated depreciation	(345,725)	(409,507)
Total plant and equipment	144,717	141,165
Motor vehicles		
Poker machines		
At cost	1,031,378	1,021,240
Accumulated depreciation	(954,950)	(922,245)
Total poker machines	76,428	98,995
Leasehold Improvements		
At cost	2,952,999	2,960,298
Accumulated amortisation	(1,096,760)	(1,024,004)
Total leasehold improvements	1,856,239	1,936,294

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

10. Property, plant and equipment (Continued)

	2012	2011
	\$	\$
Kitchen/Bistro		
At cost	281,229	319,979
Accumulated depreciation	(198,362)	(207,452)
Total kitchen/bistro	82,867	112,527
Bar		
At cost	183,538	183,538
Accumulated depreciation	(107,935)	(100,143)
Total Bar	75,603	83,395
Total property, plant and equipment	2,570,689	2,708,171

(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 improve- ments	Kitchen/ bistro	Bar	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2012							
Balance at the beginning of year	335,795	141,165	98,995	1,936,294	112,527	83,395	2,708,171
Additions	-	54,238	36,000	1,300	-	-	91,538
Disposals	-	(10,426)	(2,122)	-	(506)	-	(13,054)
Depreciation expense	(960)	(40,260)	(56,445)	(81,355)	(29,154)	(7,792)	(215,966)
Balance at 31 December 2012	334,835	144,717	76,428	1,856,239	82,867	75,603	2,570,689

(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).

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

10. Property, plant and equipment (Continued)

(a) Movements in carrying amounts (Continued)

The following properties 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, to be core property of the Club: 148 & 152 Princess Highway, Corrimal.

11. Trade and other payables

	2012	2011
	\$	\$
CURRENT		
Trade payables	57,725	70,657
GST payable	25,625	13,309
Employee benefits	17,424	18,702
Other payables	39,967	50,584
	<u>140,741</u>	<u>153,252</u>

12. Borrowings

CURRENT

Secured liabilities:

Bank overdraft	1,013	-
Lease liability secured	6,506	37,308
Bank loans	25,403	23,307
Total current borrowings	<u>32,922</u>	<u>60,615</u>

NON-CURRENT

Secured liabilities:

Bank loans	<u>487,598</u>	<u>499,523</u>
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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 2012

13. Employee benefits

	2012	2011
	\$	\$
CURRENT		
Long service leave	29,017	67,332
Provision for employee benefits	36,321	47,118
	<u>65,338</u>	<u>114,450</u>
NON-CURRENT		
Long service leave	<u>22,248</u>	<u>7,597</u>

14. Leasing commitments

(a) Finance lease commitments

Payable - minimum lease payments:

- no later than 1 year

7,821 37,308

- between 1 year and 5 years

22,160 -

Minimum lease payments

29,981 37,308

In November 2012 the Club entered into a finance lease arrangement to acquire point of sale equipment. The equipment has a carrying amount of \$20,865 and a term of 3 years.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than 1 year

56,904 51,908

- between 1 year and 5 years

76,795 94,537

133,699 146,445

The Club has an agreement relating to a property lease and the rental of plant and equipment. The property lease was entered into on 17th December 2004 and is a non-cancellable lease with a five year term with a 5 year option. This option was exercised by the Club effective from 2nd December 2011. Rental provisions within the lease require that the base rent may be increased by the CPI rate commencing at the beginning of December each year.

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

15. Financial risk management

The main risks Corrimal RSL Memorial Club Limited 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 overdrafts 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	2012 \$	2011 \$
Financial Assets			
Cash and cash equivalents	5	134,197	150,189
Held-to-maturity investments	8	10,000	10,000
Trade and other receivables	6	9,774	-
Total financial assets		153,971	160,189
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11	140,741	153,252
- Borrowings	12	520,519	560,138
Total financial liabilities		661,260	713,390

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 \$ 104,933 (2011: \$ 97,408).

Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

Notes to the Financial Statements

For the Year Ended 31 December 2012

17. Contingent liabilities and contingent assets

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

	2012	2011
	\$	\$
Contingent Liabilities		
Guarantees to the Company's Bankers in respect of guarantees to third parties arising out of normal business.	5,000	5,000

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.

19. Events after the end of the Reporting Period

The financial report was authorised for issue on 27 March 2013 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.

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

Opinion

In our opinion the financial report of Corrimal RSL Memorial 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 2012 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
Chartered Accountants

Michael Mundt
Partner

Wollongong

27 March 2013

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



Corrimal RSL Memorial Club Limited

ABN 83 000 872 033

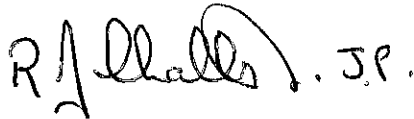
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 28, 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 2012 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.

Robert Challinor
Director

Handwritten signature of Robert Challinor in black ink, appearing as 'R J Challinor J.P.'

27 March 2013

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

Report on the Financial Report

We have audited the accompanying financial report of Corrimal RSL Memorial Club Limited, which comprises the balance sheet as at 31 December 2012, the statement of 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*.