

An aerial photograph of Merimbula, Australia, showing the town built on a hillside overlooking a harbor. The water is a vibrant green, and the sky is blue with scattered white clouds. The town features a mix of residential and commercial buildings, parking lots, and green spaces. In the background, there are more hills and a prominent tower on a peak.

**MERIMBULA**

**RSL CLUB**

financial report  
**2013-2014**

**MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

**ANNUAL GENERAL MEETING**

To be held in the Merimbula RSL Club on Wednesday, 29th October, 2014, at 8pm.

**MEETING AGENDA:**

1. Apologies.
2. Confirmation of Minutes for Annual General Meeting held on 23rd October, 2013.
3. To receive, consider and adopt the Financial Statement of the Company for the year ended 30th June, 2014, and the Reports by Directors and Auditors thereon.
4. First Resolution: President's Honorarium.
5. Second Resolution: Directors' Honorarium.
6. Third Resolution: Expenditure on Directors' food, beverages and other expenses.
7. Fourth Resolution: Expenditure on Directors' educational and seminar expenses.

*Note: Resolutions 1 to 4 outlined on page 3.*

8. **General Business:** Notice of which was supplied to the Secretary Manager in writing prior to this meeting.

*By order of the Board,*

**M. MUTSCH**  
Secretary Manager

*10th September, 2014*

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

# ORDINARY RESOLUTIONS

NOTICE is hereby given that at the Annual General Meeting of the MERIMBULA RSL CLUB LIMITED to be held on Wednesday, 29th October, 2014, commencing at 8.00pm, on the Club premises at 52-54 Main Street, Merimbula, New South Wales, the Members will be asked to consider, and if thought fit, pass the following resolutions.

### FIRST RESOLUTION:

#### Item 4: President's Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$8,188 be paid to the President as an Honorarium for the 2014/15 Financial Year."

### SECOND RESOLUTION:

#### Item 5: Directors' Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$2,933 to each of the (2) two Vice-Presidents and \$2,018 to each of the (4) four other Directors as a Directors' Honorarium for the 2014/15 Financial Year."

### THIRD RESOLUTION:

#### Item 6: Directors' Food, Beverages and Other Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club until the next Annual General Meeting of the Club for the following activities of Directors:
  - (i) The reasonable cost of a meal and beverage for each Director immediately before or immediately after a Board or Committee Meeting where the Meeting corresponds with a normal meal time.
  - (ii) Reasonable expenses incurred by Directors in relation to such duties including the entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses therefrom are approved by the Board before payment is made on production of receipts, invoices or other documentary evidence of such expenditure.
  - (iii) Reasonable expenditure on food and beverages for Directors and their spouses on one dinner per year and other functions where appropriate and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only for those who are Directors of the Club."

### FOURTH RESOLUTION:

#### Item 7: Directors' Educational and Seminar Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club for the professional development and education of Directors until the next Annual General Meeting of the Club and being:
  - (i) The reasonable cost of Directors attending the Clubs NSW Annual General Meeting.
  - (ii) The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time.
  - (iii) The reasonable cost of Directors attending other Registered Clubs or similar types of businesses for the purpose of observing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
  - (iv) Attendance at functions with spouses where appropriate, and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only to those who are Directors of the Club and those Members directly involved in the above activities."

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

# NOTES TO MEMBERS

These notes are to be read in conjunction with the proposed Motions and Resolutions.

1. **Item 4: President's Honorarium**

The purpose of the first resolution is to seek Members' approval in a General Meeting, an Honorarium to the President of no more than \$8,188 for the 2014/15 Financial Year.

The existing President Honorarium has been approved at a previous General Meeting and increases by CPI each year.

2. **Item 5: Directors' Honorarium**

The purpose of the second resolution is to seek Members' approval in a General Meeting, the recommended amount of \$2,933 for the (2) two Vice-Presidents and \$2,018 for the (4) four Directors pursuant to point (8.6) of the Club's Constitution and 10 (6) (b) of the Registered Clubs Act.

The existing Directors' Honorarium has been approved at a previous General Meeting and increases by CPI each year.

3. **Item 6: Directors' Food, Beverages and Other Expenses**

The third resolution is to have Members in a General Meeting approve reasonable expenditure by the Club in relation to duties performed by the Club's Directors.

4. **Item 7: Directors' Educational and Seminar Expenses**

The fourth resolution is to have Members in a General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including the Clubs NSW Annual General Meeting and to visit other clubs to enable the Club's governing body to keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

5. Each of the resolutions must be passed as a whole and cannot be amended from motions from the floor of the meeting or divided into two or more separate resolutions.

6. To be passed, each Ordinary Resolution must receive votes in its favour from not less than a simple majority of those Members who, being entitled to do so, vote in person at the meeting.

*By order of the Board,*

**M. MUTSCH**  
**Secretary Manager**

*10th September, 2014*

## **MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

# **PRESIDENT'S REPORT**

Members,

On behalf of the Board of Directors, I have much pleasure in presenting the Financial Report of the Club for the financial year 2013/14.

The operating surplus of \$46,929 after Income Tax was a disappointing result for the year and reflected a declining income base particularly in the gaming area which shows no sign of future growth. Labour and energy costs were well controlled by management.

As I reported last year, the Board was reviewing the Club's new three year strategic plan to determine the future directions of the Club and the actions it needed to take to ensure its continued viability and existence.

As a result, the Board determined that an Amalgamation with another Club was the way to go and after due process, negotiations with the Merimbula-Imlay Bowling Club commenced. It is anticipated that the voting on this matter will conclude by the end of 2014.

To our Secretary Manager and his management team and staff, congratulations on their commitment to the workings of the Club in what has been a difficult year.

To my fellow Directors, I personally thank them for their support and counsel during the year. Again the workload particularly this year has been quite onerous and difficult, and your Directors have performed admirably.

The Club has continued to support the RSL Sub-Branch as it has done in the past.

To the members who have lost love ones during the year, my condolences.

**GRAEME WILLIAMS**

**President**

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

# SECRETARY MANAGER'S REPORT

Dear Members and Board of Directors,

The 2013/14 Financial Year was a year that provided the Merimbula RSL Club with a number of challenges and throughout the year your Club experienced some tough trading conditions. While it was pleasing to note that your Club remained in a profit position as at the 30th June 2014, the Club recorded a modest profit of \$49,647 (before the income tax expense) compared to a profit of \$204,546 in the 2012/13 Financial Year.

In considering the Club's result, the following information on the operational trading departments is put forward for your consideration:

- Total revenue of \$10,027,613 increased by \$36,345 or 0.36%.
- Gaming machine revenue decreased by \$50,850 or 1.00%.
- Bar revenue increased by \$36,966 or 2.53% and the bar's gross profit for the year was 61.72% compared to 61.19% last year.
- Bottleshop revenue increased by \$8,667 or 2.86% and to remain competitive with other bottleshop outlets our gross profit reduced to 17.37%.
- As always the Club's Combined Catering area has again proven very popular with Catering revenue increasing by \$59,916 or 2.03%. The gross margin for the year was 58.33% compared to 59.61% last year.
- Other expenditure increased by \$114,542 or 1.47%.

The Club's net cash provided by operating activities for the 2013/14 financial year generated \$787,637 of which there was only \$318,201 used for Capital Expenditure.

As in previous years, your Club had endeavoured to offer exciting promotions for all to participate in, Member's Cash Draws are still most generous and the raffles on Wednesdays, Fridays and Sundays are still very popular.

In late June/early July, 2013, the Merimbula RSL Club Limited published notices calling for expressions of interest for an amalgamation partner pursuant to the Registered Clubs Act.

On 19th July, 2013, the Board of MIBC lodged an Expression of Interest with the Merimbula RSL in response to these notices. On 7th August, 2013, the RSL Club advised it had selected MIBC as its preferred amalgamation partner. Since that date the two clubs have been negotiating on the terms of the agreement relating to a potential amalgamation.

On behalf of the Board of Merimbula RSL Club, I am pleased to advise the Boards of the two clubs have now reached agreement on the details and arrangements that would apply if an amalgamation is to proceed. This agreement is in the format required by the Registered Clubs Act and is called the Memorandum of Understanding (MOU). The MOU was signed by the two Boards on 25th August, 2014.

The MOU is now available to members. A copy of the MOU is attached to the Club's notice board, on both Clubs' websites and further copies are available from the Alice Street reception desk between 10am and 4.30pm Monday to Friday. At this stage, it is expected the General Meeting will be held later this year.

## **MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

# **SECRETARY MANAGER'S REPORT**

To the efforts of the Staff, their dedication and loyalty to the Club and their attention and detail to service they give to the members, I say thank you. I would also like to thank Executive Chef, Derek Philistin, Allan Metcalfe, Emma Irvin and Tracey Emerson for their control of their operational areas. I would also like to recognise the commitment and efforts of the front of house Supervisory team of Darren, Garry, Darryl, Johanna, Annette and Jarrod for the extra they give and the leadership they provide to the Club's staff.

Again, I would like to thank the Club's President Mr Graeme Williams and the Board of Directors for their support and hard work during the year and, in closing, I would like to take the opportunity to thank all members for their continued support during the past twelve months.

The next twelve months will be an exciting one and with your support, the long term viability of both the Merimbula Clubs can be secured with a Yes vote for the merger.

**MICHAEL MUTSCH**  
**Secretary Manager**

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30th June, 2014.

**Directors:** Names of Directors in office at any time during or since the end of the year are: Mr Colin J. Bell (resigned 20/6/14), Mr Allan F. Browning, Mr Philip J. Cheek, Mr David J. Crawford, Mr John F. Finn, Mr Alan J. Johnson, Mr David J. Rankin (appointed 28/7/14), Mr Graeme N. Williams.

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

**Company Secretary:** The following person held the position of Company Secretary at the end of the financial year: Mr Michael Mutsch – Diploma in Club Management, Justice of the Peace. Mr Mutsch has worked for the Merimbula RSL Club for the past (18) eighteen years in a management role. Mr Mutsch was appointed Company Secretary on 4th September, 1998.

**Principal Activities:** The principal activities of the Company in the course of the year were that of a Registered Club. There were no significant changes in the nature of the company's activities during the year.

**Objectives and Strategies of the Company:** The short term objectives remain constant with the emphasis on revenue of gaming, beverage sales, provision of meals and entertainment to members and their guests. Medium to long term strategies are centred on the identification of threats to our Club and industry which is monitored through our most recent "Risk Analysis and Strategic Plan" (2012/13). The Company adopts current registered club industry practices and strategies to ensure that the short and long term objectives are met.

**Measurement of Performance:** The Company assesses its performance in terms of its achievement of strategic and financial objectives with reference to:

- the quality of the service and facilities provided to members;
- the ability to generate strong cash flows from its operating activities;
- the trading and overall financial result; and
- the stability of the statement of financial position with respect to the Company's liquidity.

**Result:** The net operating profit after providing for income tax expense amounted to \$46,929, made up as follows:

Net Operating Profit before Income Tax expense	\$49,647
<b>Less:</b> Income Tax Expense	(\$2,718)
Net Operating Profit	<u>\$46,929</u>

**Dividends Paid:** Not applicable, as the company has no share capital.

**Environmental Regulations:** The company is subject to environmental regulations from various authorities. To the best of the Directors' knowledge all activities have been undertaken in compliance with all relevant regulations.

**Review of Operations:** The Board of Directors are reasonably satisfied with the club's operations for the year ended 30th June, 2014. The Club's main sources of revenue came from food, beverage and gambling operations which serviced the social requirements of the members and visitors. Most revenue lines traded to expectations; gaming revenue decreased by \$51,085 or 1.04%. The Club's net operating profit before income tax expense for the year was \$49,647 which decreased by \$154,899 on the 12/13 financial year.

**Significant Changes in State of Affairs:** No significant changes in the state of affairs of the Company occurred during the financial year.

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## DIRECTORS' REPORT *(continued)*

**Matters Subsequent to the End of the Financial Year:** On the 25th August, 2014, the Boards of the Merimbula RSL Club and Club Sapphire signed the Memorandum of Understanding (MOU) for Amalgamation. At this point each Club will now undertake a process of Due Diligence on the other Club and following the successful completion of this process, the Club will then call a General Meeting of its members to vote on the proposed Amalgamation.

**Members' Details and Guarantee:** The number of registered members of the Club as at the 30th June, 2014, is 7,189 (last year 7,214) consisting of 194 Service Members, 6,993 Club Members and 2 Honorary Life Members.

As a Company Limited by guarantee, every member of the Company undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

### Additional Information on Directors:

**Mr Colin J. Bell:** Retired, member of the Finance and Catering Committees, Associate Board Member since 24/10/07, no other Directorships held (resigned 2/6/2014).

**Mr Allan F. Browning:** Garden Centre owner, member of House Committee, Ordinary Board member since 30/8/10, no other Directorships held.

**Mr Philip J. Cheek:** Retired, member of the House Committee, Ordinary Board Member since 24/10/12, no other Directorships held.

**Mr David J. Crawford:** Retired, member of the Finance and House Committees, Associate Board Member since 27/10/10, no other Directorships held.

**Mr John F. Finn:** Retired, member of Finance and Catering Committees, Ordinary Board member since 29/10/08, no other Directorships held.

**Mr Alan J. Johnson:** Retired, member of the House and Catering Committees, Associate Board Member since 25/3/93, no other Directorships held.

**Mr Graeme N. Williams:** CPA, Retired, President and member of the Finance Committee, Ordinary Board Member since 27/10/99, no other Directorships held.

Each Director is a financial Member of the Merimbula RSL Club Limited.

**Meetings of Directors:** During the financial year 36 meetings of Directors (including committees) were held. Attendances were:

	<b>Directors' Meetings:</b>		<b>Committee Meetings:</b>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Colin J. Bell . . . . .	15	14	16	14
Allan F. Browning . . . . .	16	15	4	3
Philip J. Cheek . . . . .	16	16	4	4
David J. Crawford . . . . .	16	14	16	15
John F. Finn . . . . .	16	16	16	15
Alan J. Johnson . . . . .	16	14	8	8
Graeme N. Williams . . . . .	16	16	12	12

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### DIRECTORS' REPORT *(continued)*

**Directors' Benefits:** Since the end of the previous financial year, Mr. David J. Rankin received a benefit for the provision of accounting services.

**Auditor's Independence Declaration:** A copy of the auditor's independence declaration as required under section 307C of the Corporations Act, 2001, (Cth) is set out below.

This report is made in accordance with a resolution of the directors on 10th September, 2014.

**G.N. WILLIAMS, Director**

**J.F. FINN, Director**

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001 to the Directors of Merimbula RSL Club Limited. I declare that, to the best of my knowledge and belief, during the year ended 30th June, 2014, there have been:

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

**RICHARD C PARBERY FCPA**  
Registered Company Auditor (1864)

*10th September, 2014*  
101 Main Street Merimbula, NSW 2548

**MERIMBULA RSL CLUB LIMITED**  
ABN 66 000 965 560

## **DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The Financial Statements and Notes for the year ended 30th June, 2014, are in accordance with the Corporations Act 2001.
  - (a) Comply with Australian Accounting Standards.
  - (b) Give a true and fair view of the financial position of the Company as at 30th June, 2014, and of its performance for the year ended on that date.
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 the resolution of the Board of Directors and is signed for and on behalf of the Directors by:

**G.N. WILLIAMS, Director**  
**J.F. FINN, Director**

*Dated at Merimbula,  
10th September, 2014*

## **BOARD OF DIRECTORS 2013/14**



*Standing (l to r):* John Finn (Vice-President), Michael Mutsch (Secretary/Manager), Allan Browning; *Seated:* Philip Cheek, Graeme Williams (President), John Crawford; (Inset) Alan Johnson

**MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

**STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME***For the year ended 30th June, 2014*

2013 \$		Note	2014 \$
<b>9,991,268</b>	<b>Revenue from Ordinary Activities</b>	1(c)	<b>10,027,613</b>
(2,008,632)	Cost of Sales		(2,085,334)
(3,779,738)	Employees Expenses		(3,819,170)
(20,465)	Financial Expenses		(20,812)
(14,087)	Members Amenities		(13,029)
(67,562)	Property Expenses		(57,094)
(737,563)	Depreciation		(743,122)
(891,906)	Poker Machine Tax		(878,439)
(682,120)	Promotions		(768,094)
(382,397)	Electricity and Gas		(325,453)
(72,060)	General Insurance		(71,421)
(25,190)	Printing, Postage and Stationery		(36,696)
(203,389)	Repairs and Maintenance		(219,097)
(163,006)	TAB Expense		(171,472)
(738,607)	Other Expenses		(768,733)
204,546	Operating Profit Before Income Tax	2	49,647
(3,221)	Income Tax Attributable to Operating Profit	4	(2,718)
<b>201,325</b>	<b>Operating Profit Attributable to Members of the Company</b>		<b>46,929</b>

*The accompanying Notes form part of the above Statement*

**MERIMBULA RSL CLUB LIMITED**

ABN 66 000 965 560

**STATEMENT OF FINANCIAL POSITION***As at 30th June, 2014*

2013 \$		Note	2014 \$
	<b>Current Assets:</b>		
1,947,092	Cash	6	2,447,079
4,643	Receivables	7	9,555
55,124	Deferred Tax	4A	52,406
130,900	Inventories	8	135,249
32,817	Other	9	91,550
<b>2,170,576</b>	<b>Total Current Assets</b>		<b>2,735,839</b>
	<b>Non Current Assets:</b>		
10,541,157	Property, Plant and Equipment	10	10,069,600
<b>10,541,157</b>	<b>Total Non Current Assets</b>		<b>10,069,600</b>
<b>12,711,733</b>	<b>Total Assets</b>		<b>12,805,439</b>
	<b>Current Liabilities:</b>		
343,320	Payables	11	362,522
555,356	Provisions	12 & 12a	625,501
41,488	Income in Advance	13	27,508
254,429	Current Tax Liabilities	14	288,448
0	Better Business Bill Facility	15	40,000
<b>1,194,593</b>	<b>Total Current Liabilities</b>		<b>1,343,979</b>
	<b>Non Current Liabilities:</b>		
50,000	Better Business Bill Facility	15	10,000
100,426	Provisions	12	40,067
38,471	Income in Advance	13	36,221
<b>188,897</b>	<b>Total Non Current Liabilities</b>		<b>86,288</b>
<b>1,383,490</b>	<b>Total Liabilities</b>		<b>1,430,267</b>
<b>11,328,243</b>	<b>Net Assets</b>		<b>11,375,172</b>
	<b>Members' Funds:</b>		
336,242	Reserves	17	336,242
10,992,001	Retained Profits		11,038,930
<b>11,328,243</b>	<b>Total Members' Funds</b>		<b>11,375,172</b>

*The accompanying Notes form part of the above Statement of Financial Position*

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### STATEMENT OF CHANGES IN EQUITY

*For the year ended 30th June, 2014*

2013 \$		2014 \$
11,126,918	Total Equity at the beginning of the Financial Year	11,328,243
201,325	Operating surplus attributable to the Members of the Company	46,929
<b>11,328,243</b>	<b>Total Equity at the end of the Financial Year</b>	<b>11,375,172</b>

### STATEMENT OF CASH FLOWS

*For the year ended 30th June, 2014*

2013 \$		Note	2014 \$
	<b>Cash Flow from Operating Activities:</b>		
9,820,231	Receipts from Customers		9,856,712
(8,959,195)	Payments to Suppliers and Employees		(9,152,404)
33,582	Members' Subscriptions		30,267
84,015	Interest Received		53,062
<b>978,633</b>	<b>Net Cash provided by Operating Activities</b>	5	<b>787,637</b>
	<b>Cash Flow from Investing Activities:</b>		
24,500	Receipts from sale Property, Plant and Equipment		30,560
(1,916,807)	Payment for Property, Plant and Equipment		(318,210)
<b>(1,892,307)</b>	<b>Net Cash used in Investing Activities</b>		<b>(287,650)</b>
	<b>Cash Flow from Financing Activities:</b>		
0	Repayments of Borrowings		0
<b>0</b>	<b>Net Cash used in Financing Activities</b>		<b>0</b>
<b>(913,674)</b>	<b>Net (Decrease)/Increase in Cash held</b>		<b>499,987</b>
<b>2,860,766</b>	<b>Cash at Beginning of Financial Year</b>		<b>1,947,092</b>
<b>1,947,092</b>	<b>Cash at End of Financial Year</b>	6	<b>2,447,079</b>

*The accompanying Notes form part of the above Cash Flow Statement*

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE, 2014

The Financial Statements cover the Merimbula RSL Club Ltd as an individual entity, incorporated and domiciled in Australia. Merimbula RSL Club Ltd is a company limited by guarantee.

The financial statements were authorised for issue on 10th September, 2014, by the Directors of the company.

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Preparation:**

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

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

##### **Adoption of New and Revised Accounting Standards:**

In the current year, the Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods. The adoption of these new Standards and Interpretations has not resulted in any changes to the Company's accounting policies that have affected the amounts reported for the current or prior years.

##### **Accounting Policies:**

(a) **Inventories:** Inventories are measured at the lower of cost and net realisable value.

##### (b) **Property, Plant and Equipment:**

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

##### 1. **Property:**

Freehold land and buildings are shown at cost less subsequent depreciation for buildings. It is the policy of the economic entity to have an independent valuation every three years, by external independent valuer, with annual appraisals being made by Directors – refer Note 10.

##### 2. **Plant and Equipment:**

Plant and Equipment are measured on the cost basis and are therefore carried at cost, less where applicable, accumulated depreciation and any accumulated impairment.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present – refer to Note 1(m).

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 3. Depreciation:

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

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

<b>Class of Fixed Asset:</b>	<b>Depreciation Rate:</b>
Buildings	2.5% to 5%
Plant and Equipment	10% to 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

### (c) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of taxes, returns, trade allowances, rebates and amounts collected on behalf of third parties. 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 described below. Revenue is recognised for the major business activities as follows:

#### **Sale of Goods:**

Revenue is taken to account when the control of the goods has passed to the buyer.

#### **Interest:**

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

#### **Rental Income:**

Revenue is taken to account in the period to which the rent relates.

#### **Subscriptions:**

Subscriptions for annual membership are recognised in revenue over the membership year.

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Operating Revenue:

2013 \$		2014 \$
	<b>Operating Revenue:</b>	
4,924,085	Poker Machine Takings	4,873,000
2,952,762	Catering	3,012,678
303,263	Bottleshop	311,930
1,463,740	Bar Sales	1,500,706
29,979	Members' Subscriptions	31,937
95,046	Keno	90,037
1,812	Vending Commission	1,283
79,572	Other Income	63,089
47,325	TAB Commission	52,569
<b>9,897,584</b>	<b>Total Operating Revenue</b>	<b>9,937,229</b>
	<b>Non Operating Revenue:</b>	
1,400	Rent Received	7,289
73,407	Interest	53,023
18,877	Sale of Assets	30,072
<b>93,684</b>	<b>Total Non Operating Revenue</b>	<b>90,384</b>
<b>9,991,268</b>	<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b>10,027,613</b>

### (d) Employee Provisions:

#### Short-term employee provisions:

Provision is made for the company's obligation for short-term employee benefits. Short-term employees benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employee render the related service, including wages, salaries and sick leave. Short-term employees benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

#### Other long-term employee provisions:

Provision is made for employees long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payment to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlements for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

### (f) **Cash and Cash Equivalents:**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### (g) **Trade Receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### (h) **Trade and other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

### (i) **Members' Subscriptions in Advance:**

Subscriptions received in advance for the financial year have been carried forward as a current or non-current liability.

### (j) **Comparative Figures:**

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

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) **Goods and Services Tax (GST):**

Revenue, 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 are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flows.

(l) **Critical Accounting Estimates and Judgement:**

The directors evaluate estimates and judgements incorporated into the financial reports 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.

**Financial Instruments:**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised in profit or loss immediately.

**Classification and subsequent measurement:**

Financial instruments are subsequently measured at 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction or impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 payment 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.

**Financial Liabilities:**

Non-derivative financial liabilities are subsequently measured at amortised cost.

(m) **Impairment of Assets:**

At each reporting date, 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. 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.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION

	<b>(a) Profit from ordinary activities before Income Tax expense:</b>	<i>2014 \$</i>
<i>2013 \$</i>	Poker Machines	2,257,354
2,412,271	Bar	275,196
240,547	Catering and Coffee Shop	117,626
130,939	Bottleshop	9,052
12,208	Other Income	329,299
347,417		
<b>3,143,382</b>		<b>2,988,527</b>
	<b>(b) Operating Profit has been determined after charging as expenses:</b>	
1,421,936	Indirect Labour and Overheads	1,454,346
20,465	Financial Expenses	20,812
14,087	Members' Amenities	13,029
171,343	Property Expenses	166,221
405,998	Depreciation	397,070
905,007	Administration Expenses	887,402
<b>2,938,836</b>		<b>2,938,880</b>
<b>204,546</b>	<b>Profit from ordinary activities before Income Tax Expense</b>	<b>49,647</b>
	<b>(c) Trading Profit from Poker Machines has been determined after:</b>	
<b>4,924,085</b>	Crediting as Income	<b>4,873,000</b>
	<b>Charging as Expenses:</b>	
57,137	CMS Costs	58,779
891,906	Poker Machine Tax	878,439
377,803	Direct Labour	380,840
15,738	Payroll Tax	15,799
6,616	Workers' Compensation	6,520
31,626	Superannuation	31,806
86,900	Electricity	85,500
66,688	Repairs and Maintenance	73,340
682,120	Promotions	768,094
295,280	Depreciation	316,529
<b>2,511,814</b>		<b>2,615,646</b>
<b>2,412,271</b>		<b>2,257,354</b>
	<b>Trading Profit from Bar has been determined after:</b>	
<b>1,463,740</b>	Crediting as Income	<b>1,500,706</b>
	<b>Charging as Expenses:</b>	
573,111	Cost of Goods Sold	574,538
476,785	Direct Labour	484,416
20,870	Payroll Tax	20,747
7,304	Workers' Compensation	7,175
41,945	Superannuation	42,282
53,000	Electricity	52,750
28,890	Bar Requirements	29,459
3,217	Bar Laundry	2,010
18,071	Staff Uniforms	12,133
<b>1,223,193</b>		<b>1,225,510</b>
<b>240,547</b>		<b>275,196</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2013 \$	Trading Profit from Catering and Coffee Shop has been determined after:	2014 \$
2,836,902	Crediting as Income	2,897,258
115,860	Subsidies	115,420
<b>2,952,762</b>		<b>3,012,678</b>
	<b>Charging as Expenses:</b>	
1,193,860	Cost of Goods Sold	1,255,300
1,240,520	Direct Labour	1,267,904
23,359	Cleaning	19,480
81,032	Electricity and Gas	79,570
8,413	General	3,603
3,182	Laundry	2,831
59,696	Payroll Tax	58,635
16	Printing and Stationery	0
32,920	Replacements	36,630
119,767	Superannuation	119,428
21,333	Workers' Compensation	20,706
1,440	Telephone	1,440
36,285	Depreciation	29,525
<b>2,821,823</b>		<b>2,895,052</b>
<b>130,939</b>		<b>117,626</b>
	<b>Trading Profit from Bottle Shop has been determined after:</b>	
<b>303,263</b>	Crediting as Income	<b>311,930</b>
	<b>Charging as Expenses:</b>	
241,661	Cost of Goods Sold	255,495
42,560	Direct Labour	41,188
2,354	Payroll Tax	1,855
687	Workers' Compensation	602
3,793	Superannuation	3,738
<b>291,055</b>		<b>302,878</b>
<b>12,208</b>		<b>9,052</b>
	<b>Other Income:</b>	
29,979	Members' Subscriptions	31,937
1,400	Rent Received	7,289
73,407	Interest Received	53,023
95,046	Keno Commission	90,037
47,325	TAB Commission	52,569
81,384	Other Income	64,372
18,876	Profit on Sale of Fixed Asset	30,072
<b>347,417</b>		<b>329,299</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2013 \$	<b>(d) Indirect Labour and Overheads:</b>	2014 \$
585,283	Administration Wages	577,875
237,305	Door Wages	239,444
60,315	Security Wages	62,124
174,742	Cleaning/Maintenance Wages	180,352
73,398	Payroll Tax	70,279
29,639	Workers' Compensation	30,372
65,692	Staff and Directors' Training	88,755
45,903	Staff Meals	50,060
149,659	Superannuation	155,085
<b>1,421,936</b>		<b>1,454,346</b>
	<b>Financial Expenses:</b>	
17,473	Bank Charges	18,135
2,992	Interest Paid on Loans	2,677
<b>20,465</b>		<b>20,812</b>
	<b>Members' Amenities:</b>	
1,359	ANZAC Day Expenses	815
2,030	Members' Cards	1,720
2,303	Members' Reports	2,321
8,395	Members' Nights	8,173
<b>14,087</b>		<b>13,029</b>
	<b>Property Expenses:</b>	
103,781	General Maintenance and Repairs	109,126
6,085	Land Tax	0
61,552	Rates – Bega Valley Shire	57,095
(75)	R & M Residences	0
<b>171,343</b>		<b>166,221</b>
	<b>Depreciation:</b>	
268,013	Freehold Buildings and Carpark	277,669
137,985	Plant and Equipment	119,401
<b>405,998</b>		<b>397,070</b>
	<b>Adminstration Expenses:</b>	
2,936	Accountancy	2,936
65,775	Advertising	63,623
40,500	Audit	40,500
41,473	General Cleaning	44,798
5,245	Committee Expenses	0
19,429	Consulting	12,081
6,431	Directors' Expenses	5,512
77,579	Donations	76,438
161,465	Electricity and Gas	107,633
3,853	Float Variances	1,388
1,133	Freight Inwards	1,569
2,893	Fringe Benefits Tax	2,649
34,544	General Expenses	23,882
71,924	General Insurance	71,285

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2013 \$	Adminstration Expenses (continued):	2014 \$
2,095	Legal Expenses	488
24,188	Licences and Permits	30,392
0	Merger Costs	42,693
25,190	Printing and Stationery	29,419
9,121	Postage	7,277
22,126	President's and Directors' Allowance	22,126
39,115	Security	40,044
50,996	Sky Channel	54,181
163,006	TAB Expenses	171,472
12,968	Telephones	10,920
21,022	Waste Removal	24,096
<b>905,007</b>		<b>887,402</b>

## NOTE 3: AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor for:

40,500	Audit	40,500
2,936	Other Services	2,936
<b>43,436</b>		<b>43,436</b>

## NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprises:

0	Current Tax	0
(3,221)	Deferred Tax	(2,718)
<b>(3,221)</b>		<b>(2,718)</b>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows.

Prima facie tax payable on profit from ordinary activities, after adjusting for the non-taxable components attributed to members, before income tax at 30% (2013: 30%).

204,546	Operating Profit before Tax	49,647
(29,979)	<b>Less:</b> Members' Subscriptions	(31,937)
(123,628)	Direct Members' Income	(157,982)
(270,115)	Non Apportionable Items	(244,793)
<b>(219,176)</b>		<b>(385,065)</b>
1,353,777	<b>Add:</b> Non Allowable, Non Apportionable and Part Apportionable Expenses	1,378,743
<b>1,134,601</b>		<b>993,678</b>
506,031	Portion attributable Non Members	504,788
250,610	<b>Add:</b> Non Apportionable Items	214,666
<b>756,641</b>		<b>719,454</b>
(818,711)	<b>Less:</b> Non Apportionable and Part Apportionable Expense	(874,450)
(207,489)	Tax Loss Prior Years	(269,559)
<b>(269,559)</b>	<b>Tax Loss Carried Forward</b>	<b>(424,555)</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 4A: DEFERRED TAX ASSET

2013 \$	The amount and nature of the deferred tax asset for the financial year ended 30th June, 2014, is:	2014 \$
	<b><u>Deferred tax assets and liabilities for each type of temporary difference</u></b>	
	<b>Deferred Tax Assets:</b>	
388,621	Provision for Annual Leave and Sick Leave	365,324
261,931	Provision for Long Service Leave	296,701
0	Audit Accrual and Superannuation Creditor	42,123
<b>650,552</b>		<b>704,148</b>
(360,406)	Adjustment for Member Component	(346,441)
<b>290,146</b>		<b>357,707</b>
	<b>Deferred Tax Liabilities:</b>	
238,562	Property, Plant and Equipment	360,274
<b>238,562</b>		<b>360,274</b>
(132,163)	Adjustment for Member Component	(177,255)
<b>106,399</b>		<b>183,019</b>
	<b><u>Deferred tax amounts recognised in income tax expense</u></b>	
	<b>Deferred Tax Assets:</b>	
116,586	Provision for Annual Leave and Sick Leave	109,597
78,579	Provision for Long Service Leave	89,010
0	Audit Accrual and Superannuation Creditor	12,637
<b>195,165</b>		<b>211,244</b>
(108,122)	Adjustment for Member Component	(103,932)
<b>87,043</b>		<b>107,312</b>
	<b>Deferred Tax Liabilities:</b>	
71,569	Property, Plant and Equipment	108,082
<b>71,569</b>		<b>108,082</b>
(39,649)	Adjustment for Member Component	(53,176)
<b>31,920</b>		<b>54,906</b>
<b>55,124</b>	<b>Net Deferred Tax Asset</b>	<b>52,406</b>

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## NOTE 5: CASH FLOW INFORMATION

2013 \$		2014 \$
	<b>1. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax:</b>	
201,325	Profit from Ordinary Activities after Income Tax	46,929
	<b>Non-Cash Flows in Operating Profit:</b>	
737,564	Depreciation	743,123
(18,877)	(Profit)/Loss on Sale of Asset	(30,072)
	<b>Changes in Assets and Liabilities:</b>	
661	(Increase)/Decrease in Debtors	(4,913)
1,182	(Increase)/Decrease in Other Assets	(56,014)
8,871	(Increase)/Decrease in Inventories	(4,349)
16,211	Increase/(Decrease) in Creditors, Accruals and Tax Liabilities	81,690
30,319	Increase/(Decrease) in Provisions	11,013
1,377	Increase/(Decrease) in Advance Subscriptions	230
<b>978,633</b>		<b>787,637</b>
	<b>2. Loan Facilities:</b>	
350,000	Loan Facilities	350,000
(50,000)	Amount Utilised	(50,000)
<b>300,000</b>	<b>Unused Loan Facilities</b>	<b>300,000</b>

### The facilities are summarised as follows:

The Commonwealth Bank of Australia hold Registered Equitable Mortgage by the Club over the whole of its assets and undertakings including uncalled capital and Registered Mortgage by the Club over all Freehold Land and Improvements.

At 30/6/14 the loan facilities totalled \$350,000. Loan facilities are as follows: \$50,000 variable rate loan maturity 29/9/14, rate 4.12%, facility expires 28/2/17. Available loan facility \$300,000.

Finance will be provided under all facilities provided the company has not breached any borrowing requirements and the required financial ratios are met.

## NOTE 6: CASH

143,736	Cash on Hand	121,097
207,572	Cash at Bank – Current Account	273,543
20,279	– TAB Account	23,402
22,711	– Keno Account	20,199
717,462	– 'At Call' Cash Deposit Account	1,008,838
835,332	– Term Deposit	1,000,000
<b>1,947,092</b>		<b>2,447,079</b>

### Reconciliation of Cash:

Cash at the end of the Financial Year as shown in the Statement of Cash Flows is reconciled to items in the **Statement of Financial Position** as follows:

1,947,092	Cash	2,447,079
<b>1,947,092</b>		<b>2,447,079</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 7: RECEIVABLES

		2014 \$
2013 \$		
4,643	Trade Debtors	9,555
<b>4,643</b>		<b>9,555</b>

### NOTE 8: INVENTORIES

		2014 \$
83,173	Trading Stock – Bar	87,846
38,483	– Dining Room	37,541
9,244	Staff Uniforms	9,862
<b>130,900</b>		<b>135,249</b>

### NOTE 9: OTHER

		2014 \$
32,817	Prepayments	91,550
<b>32,817</b>		<b>91,550</b>

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT

		2014 \$
10,736,278	Freehold Land and Improvements at cost 52-54 Main Street, Merimbula	10,745,503
(3,438,645)	<b>Less:</b> Depreciation	(3,699,693)
<b>7,297,633</b>		<b>7,045,810</b>
1,534,849	Freehold Carpark	1,534,849
(9,422)	<b>Less:</b> Depreciation	(25,574)
<b>1,525,427</b>		<b>1,509,275</b>
6,409,655	Plant and Equipment at cost	6,596,674
(4,691,558)	<b>Less:</b> Depreciation	(5,082,159)
<b>1,718,097</b>		<b>1,514,515</b>
<b>10,541,157</b>		<b>10,069,600</b>

#### 1. Movements in Carrying Amounts:

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

Economic Entity:	<i>Freehold Land and Buildings</i>		<i>Plant and Equipment</i>		<i>Total</i>	
	\$'000		\$'000		\$'000	
	2014	2013	2014	2013	2014	2013
Balance at the beginning of year	8,823	8,023	1,718	1,335	10,541	9,358
<b>Add:</b> Additions	9	1,067	263	858	272	1,925
<b>Less:</b> Depreciation	(277)	(267)	(466)	(470)	(743)	(737)
Disposals	0	0	0	(5)	0	(5)
<b>Carrying amount at the end of year</b>	<b>8,555</b>	<b>8,823</b>	<b>1,515</b>	<b>1,718</b>	<b>10,070</b>	<b>10,541</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT *(continued)*

2. An independent revaluation of land and buildings was undertaken on 30th June, 2012, by Mr M.E. Rix. A.A.P.I. Registered Valuer No. 021440. The revaluation was undertaken as part of a policy to value land and buildings every three years and was based on fair value as part of a going concern basis. The valuation revealed a current market value of \$9,475,000.

2013 \$

2014 \$

### NOTE 11: PAYABLES

#### Unsecured Liabilities

343,320	Creditors – Trade	362,522
<b>343,320</b>		<b>362,522</b>

### NOTE 12: EMPLOYEE PROVISIONS

622,025	Opening Balance at the beginning of the Financial Year	650,552
356,327	Additional provisions raised during year	389,889
(327,800)	Amount used	(378,416)
<b>650,552</b>	<b>Balance at the finish of the Financial Year</b>	<b>662,025</b>

#### Analysis of Total Provisions:

##### (a) Current

388,621	Annual Leave and Sick Leave Entitlements	365,324
161,505	Long Service Leave Entitlements	256,634
<b>550,126</b>		<b>621,958</b>

##### (b) Non-Current

100,426	Long Service Leave Entitlements	40,067
<b>100,426</b>		<b>40,067</b>

#### Employment Provision:

Employee Provisions represent amounts accrued for annual leave, sick leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements, sick leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

Based on past experiences, the company does not expect the full amount of annual leave, sick leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

### NOTE 12a: LINK PROVISION

5,230	Link Provision	3,543
<b>5,230</b>		<b>3,543</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 13: INCOME IN ADVANCE

2013 \$	<b>(a) Current</b>	2014 \$
26,928	Members' Fees	27,508
14,560	Function Paid in Advance	0
<b>41,488</b>		<b>27,508</b>
	<b>(b) Non Current</b>	
38,471	Members' Fees for future years after 2014/15	36,221
<b>38,471</b>		<b>36,221</b>

### NOTE 14: CURRENT TAX LIABILITIES

186,177	Goods and Services Tax and Withholding Tax	218,969
68,252	Poker Machine Tax	69,479
<b>254,429</b>		<b>288,448</b>

### NOTE 15: BETTER BUSINESS BILL FACILITY

(a) Variable Rate at 4.12% in advance

**(b) Current:**

0	Repayable by 30th June, 2015	40,000
<b>0</b>		<b>40,000</b>

**(c) Non Current:**

50,000	Repayable after 30th June, 2015	10,000
<b>50,000</b>		<b>10,000</b>

### NOTE 16: FINANCIAL RISK MANAGEMENT

**(a) Financial Risk Management:**

The entity's financial instruments consist mainly of deposits with the banks, accounts receivable and payables. The entity relies on this working capital as its source of funds. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial reports, are as follows:

2013 \$	<b>Financial Assets</b>	Note	2014 \$
250,562	Cash at Bank	6	317,144
1,552,794	Short Term Deposit	6	2,008,838
143,736	Cash on Hand	6	121,097
4,643	Trade Debtors	7	9,555
<b>1,951,735</b>			<b>2,456,634</b>
	<b>Financial Liabilities:</b>		
343,320	Trade Creditors	11	362,522
254,429	Current Tax Liabilities		288,448
<b>597,749</b>			<b>650,970</b>
<b>1,353,986</b>	<b>Net Financial Assets</b>		<b>1,805,664</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 16: FINANCIAL RISK MANAGEMENT *(continued)*

**Financial Risk Exposures and Management:** The main risks the entity is exposed to through its financial instruments are interest rate risk and credit risk.

**Interest rate risk:** Interest rate risk is managed with a variable rate debt.

**Foreign currency risk:** The entity is not exposed to fluctuations in foreign currencies.

**Liquidity risk:** Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligation in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table on the following page reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

**Credit Risk:** Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

#### *Credit Risk Exposure*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be high credit quality. Aggregates of such amounts are as detailed in Note 7.

Credit risks related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy.

**Price Risk:** The entity is not exposed to any material commodity price risk.

#### **(b) Financial Liability and Financial Assets:**

The table on the following page reflects the contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement periods for all other financial instruments.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 16: FINANCIAL RISK MANAGEMENT *(continued)*

2014	Note	Less than One Year \$	One to Five Years	Total Contractual Cash Flows \$
<b>Financial Assets – Cash Flows Realisable:</b>				
Cash at Bank	6	317,144	–	317,144
Short Term Deposits	6	2,008,838	–	2,008,838
Cash on Hand	6	121,097	–	121,097
Trade Debtors	7	9,555	–	9,555
<b>Total anticipated inflows</b>		<b>2,456,634</b>		<b>2,456,634</b>
<b>Financial Liabilities Due for Payment:</b>				
Trade Creditors	11	362,522	–	362,522
Current Tax Liabilities	14	288,448	–	288,448
<b>Total expected outflows</b>		<b>650,970</b>		<b>650,970</b>
<b>Net (outflow)/inflow on financial instruments</b>		<b>1,805,664</b>		<b>1,805,664</b>

2013	Note	Less than One Year \$	One to Five Years	Total Contractual Cash Flows \$
<b>Financial Assets – Cash Flows Realisable:</b>				
Cash at Bank	6	250,562	–	250,562
Short Term Deposits	6	1,552,794	–	1,552,794
Cash on Hand	6	143,736	–	143,736
Trade Debtors	7	4,643	–	4,643
<b>Total anticipated inflows</b>		<b>1,951,735</b>		<b>1,951,735</b>
<b>Financial Liabilities Due for Payment:</b>				
Trade Creditors	11	343,320	–	343,320
Current Tax Liabilities	14	254,429	–	254,429
<b>Total expected outflows</b>		<b>597,749</b>		<b>597,749</b>
<b>Net (outflow)/inflow on financial instruments</b>		<b>1,353,986</b>		<b>1,353,986</b>

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 16: FINANCIAL RISK MANAGEMENT *(continued)*

#### *Financial Risk Management Policies:*

The finance committee consists of senior committee members and the committee's overall risk management strategy is to assist the company in meeting its financial targets whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

#### (c) **Sensitivity Analysis:**

##### **Interest rate risk**

The entity has performed a sensitivity analysis relating to its exposure to interest rates risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk. As at 30 June, 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	\$
<b>Year ended 30th June, 2014</b>	+/-40,177
+/- 2% in interest rates	
<b>Year ended 30th June, 2013</b>	+/-31,056
+/- 2% in interest rates	

No sensitivity analysis has been performed on foreign exchange risk as the company is not exposed to foreign currency fluctuations.

### NOTE 17: RESERVES

43,413	Revaluation Reserve	43,413
292,829	Capital Profit Reserve	292,829
<b>336,242</b>		<b>336,242</b>

### NOTE 18: MEMBERS' LIABILITY

The number of registered members of the Club as at the 30th June, 2014, is 7,189 (last year 7,214) consisting of 194 Service Members, 6,993 Club Members and 2 Honorary Life Members.

As a Company Limited by Guarantee, every member of the Company has undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 19: RELATED PARTY TRANSACTIONS

(a) **Directors:**

The names of persons who were directors of the company at any time during the year are:

Mr Colin J. Bell, Mr Allan F. Browning, Mr Philip J. Cheek, Mr David J. Crawford,  
Mr John F. Finn, Mr Alan J. Johnson, Mr Graeme N. Williams.

(b) **Director Remuneration:**

The directors did not receive any remuneration from the company during the year other than any approved honorarium and reimbursement of out of pocket expenses that have been fully substantiated.

(c) **Transactions with directors and director related entities:**

There were no transactions with directors, other than those at normal commercial terms and conditions, and other benefits approved by the members at the annual general meeting.

(d) **Other transactions with related parties:**

There were no other transactions with related parties.

### NOTE 20: KEY MANAGEMENT PERSONNEL

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosure are deemed appropriate.

### NOTE 21: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

At the years ending 30th June, 2013 and 30th June, 2014 there was no net debt.

### NOTE 22: STATEMENT OF OPERATIONS BY SEGMENTS

The company operates in the Licensed Registered Clubs' sector within New South Wales.

### NOTE 23: COMPANY DETAILS

The registered office of the company is:

Merimbula RSL Club Limited, 52-54 Main Street, MERIMBULA NSW 2548

Unlisted Company Limited by Guarantee.

## MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

### NOTE 25: DISPOSAL OF CLUB PROPERTY – CORE OR NON CORE

That pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30th June, 2014:

- (a) The following properties are core property of the Club:
  - (i) 52-54 Main Street
  - (ii) Carpark corner Alice and Main Street
- (b) The following properties are non-core property of the Club:
  - Nil
  - (i) Section 41J(2) of the Registered Clubs Act requires the Financial Report to specify the core property and non core property of the Club as at the end of the financial year to which the report relates.
  - (ii) Core property is any real property owned or occupied by the Club that comprises
    - (a) the defined premises of the Club; or
    - (b) any facility provided by the Club for use of its members and their guests; or
    - (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
  - (iii) Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
  - (iv) The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
    - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
    - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval;
    - (c) any sale is by way of public auction or open tender conducted by any independent real estate agent or auctioneer.
- (v) These disposal provisions and what constitutes a disposal for the purpose of section 41J are to some extent modified by regulation made under Registered Clubs Act and by section 41J itself. For example, the requirements in paragraph 4 above do not apply to:
  - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer; Core property that is leased or licensed to a telecommunications provider for the purpose of a telecommunication tower.

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Merimbula RSL Club Ltd.

### Report on the Financial Report:

We have audited the accompanying financial report of the Merimbula RSL Club Limited (the company), which comprises the statement of financial position as at 30th June, 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, 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 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. These Auditing Standards require that we comply with relevant ethical requirements relating audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We have not audited detailed classification of income and expenses by function because of the arbitrary dissection process.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. However, our statutory audit does not cover all details of dissection of financial data.

### Independence:

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### Electronic Presentation of Audited Financial Report:

This auditor's report relates to the financial report of the Merimbula RSL Club Limited for the year ending 30th June, 2014, that may be included on the Company's website. The auditor's report refers only to that financial report and it does not provide an opinion on any other information which may have been hyperlinked to/from these reports. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report.

### Auditor's Opinion:

In our opinion, the financial reports of the Merimbula 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 the 30th June, 2014, and of its performance for the year ended on that date; and
- (b) complying with the Australian Accounting Standards and the Corporations Regulations 2001.

**Richard C. Parbery FCPA**  
Registered Company Auditor (1864)

101 Main Street  
Merimbula, NSW 2548  
10th September, 2014

# MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

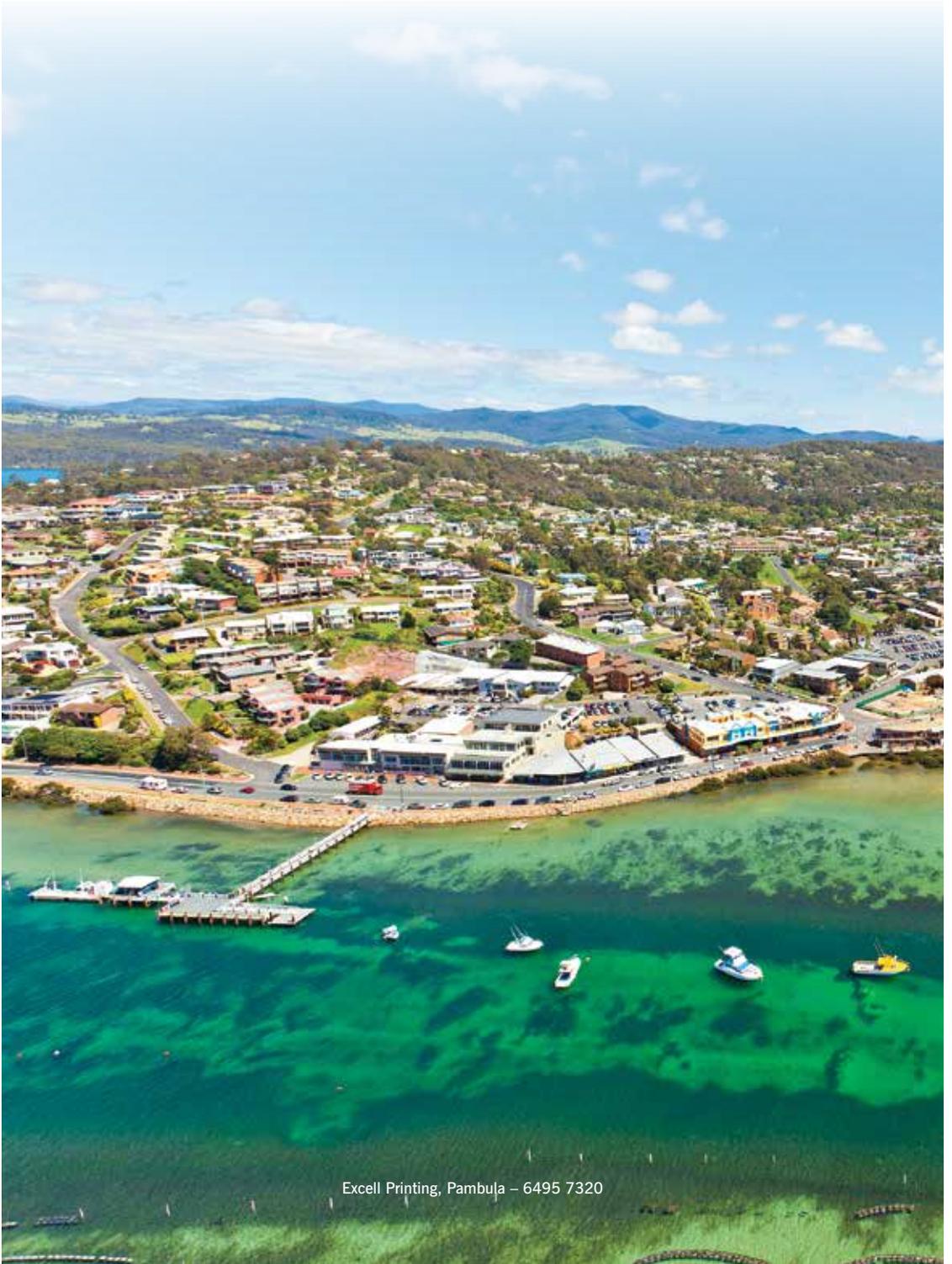
## DONATIONS

For the year ended 30th June, 2014

Animal Welfare League NSW  
Art in the Garage  
Auswide Projects  
Bega Country Women's Association  
Bega Men's Shed  
Bega Senior Citizens Club  
Bega Valley Meals on Wheels  
Bega Valley Parkinson's Support Group  
Bega Valley Relay For Life  
Bega Valley VRA  
Bermagui and District Lions Club Inc.  
Candelo AM & DF Association  
Cobargo Public School  
Eden Aboriginal Land Council  
Eden Childcare Centre  
Heartkids NSW  
Imlay District Nursing Home  
Look Good Feel Better  
Mallacoota Pre-School  
Marine Rescue Merimbula  
Men of League Foundation  
Mental Health and Well Being  
Merimbula Basketball Association  
Merimbula BG & LA Club  
Merimbula Diggers Football Club  
Merimbula Grasshoppers Soccer Club  
Merimbula Jazz Club  
Merimbula Men's Shed  
Merimbula-Pambula RLFC

Merimbula-Pambula Junior RLFC  
Merimbula Public School  
Merimbula RSL Sub-Branch  
Merimbula Special Events Committee  
Merimbula Tennis Club  
Merimbula Tourism Inc.  
Merimbula Visitor Information Centre  
Pambula AH & DF Association  
Pambula Community Swimming Club  
Pambula Public School  
Pambula Surf Life Saving Club  
Panorama RSL Day Club  
Pig & Whistle Fleet Club Inc.  
Playability Inc.  
RSL Bowling Club  
Sapphire Coast Turf Club  
Sapphire Coast AFL  
Sculpture on the Edge – Edgy Art Inc.  
Southern Women's Group  
St Peters Catholic Parish  
St Vincent De Paul Merimbula  
Tathra Surf Life Saving Club  
Twofold Aboriginal Corporation  
Wallagoot Lake Bermagui Men's Shed  
Wallagoot Lake Boat Club  
Zen Dragon Boat Club  
Zone 21 Bowls

**Total: \$76,438**



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