



ANNUAL REPORT



Earlwood-Bardwell Park RSL Club Limited

ABN 67 000 994 794

Annual report for the year ended 31 December 2014

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Directors' report

Your directors present their report on the Company for the financial year ended 31 December 2014.

Directors

The names of the directors in office at any time during or since the end of the year are:

J V Gearin	- President
Qualifications	- Retired
Experience	- Board member since 1997
Meetings	- Attended 12 out of 13 Directors' meetings
S B Murray	- Vice President
Qualifications	- Fitter and Turner
Experience	- Board member since 1996
Meetings	- Attended 13 out of 13 Directors' meetings
T W Lewis	- Vice President
Qualifications	- Engineer Project Manager
Experience	- Board member since 1996
Meetings	- Attended 12 out of 13 Directors' meetings
R E Collier	- Board Secretary
Qualifications	- Retired
Experience	- Board member since 1997
Meetings	- Attended 12 out of 13 Directors' meetings
B W White	- Director
Qualifications	- Recoveries Officer
Experience	- Board member since 1998
Meetings	- Attended 13 out of 13 Directors' meetings
M B Plater	- Director
Qualifications	- Retired
Experience	- Board member since 1999
Meetings	- Attended 12 out of 13 Directors' meetings
G Bernhardt	- Director
Qualifications	- Licensed Real Estate Proprietor
Experience	- Board member since 2007
Meetings	- Attended 13 out of 13 Directors' meetings

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

Principal activities

The principal activity of the Club in the course of the financial year was to provide members and their guests with the amenities and facilities usually associated with a social club. No significant change in the nature of the activity occurred during the year.

The company's short and long term objectives are to generate sufficient operating profits to:

- continually provide improved amenities and facilities to members and their guests; and
- meet and exceed its community development and support expenditure.

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

- The club strives to attract and retain quality staff who are committed to the club, its members and guests. The club believes that attracting and retaining quality staff will assist with the success of the club in both the short-term and long-term.
- Continually re-investing profits generated back into the facilities of the club to provide an attractive venue for patrons to visit and utilise.

Review of operations and financial results

The Club measures its performance against the 'profit before tax' key performance indicator. The Club's higher profit before tax of \$3,349,716 (2013: \$3,108,295) is predominantly due to increased patronage at the RSL club premises throughout the year. The cash funds generated from trading were largely used to finance the renovations and improvements to the club's outdoor gaming area, sports club, dining area, purchase additional gaming machines and entitlements, as well as upgrade various other plant and equipment. The result for year ended 31 December 2014 represents a 52 week period (2013: 52 weeks).

In October 2014 heavy rain resulted in flooding of the ground floor of the Club, which caused damage to the basement, cool-room, air conditioning units and elevator shaft, as well as writing off stock and other sundry items stored in these locations.

The total value of repairs and remedial work is estimated to cost between \$1.1m and \$1.5m. The Club has insurance cover which is anticipated to cover an estimated \$1.2m of the total expenses incurred. The Clubs future commitments are included in Note 23.

Capital and membership

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee and as such has no share capital. If the company is wound up, the constitution states, that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 31 December 2014 the collective liability of members was \$66,455 (2013: \$61,060). The number of members at 31 December 2014 was 149 Category A Members and 13,142 Category B Members (2013: 167 Category A Members and 12,045 Category B Members).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of this Directors report.

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



Jack Gearin
President
Bardwell Park, dated this 19th of February 2015

Level 17, 383 Kent Street
Sydney NSW 2000

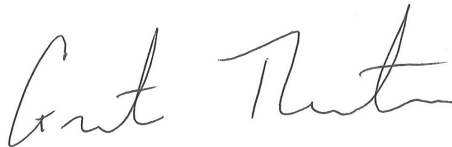
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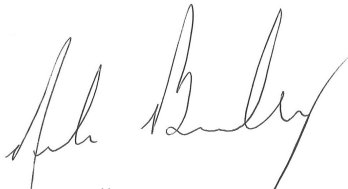
**Auditor's Independence Declaration
To the Directors of Earlwood-Bardwell Park RSL Club Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Earlwood-Bardwell Park RSL Club Limited for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



N/J Bradley
Partner - Audit & Assurance

Sydney, 19 February 2015

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Statement of profit or loss and other comprehensive income

For year ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue	2	18,733,555	17,532,092
Other income	2	459,469	22,935
Total revenue and income		<u>19,193,024</u>	<u>17,555,027</u>
Gaming machine expenses		(6,904,494)	(6,459,072)
Bar and coffee bar expenses		(1,425,196)	(1,220,421)
Keno expenses		(8,890)	(12,070)
Greens expenses		(93,843)	(90,601)
Administration expenses		(7,263,238)	(6,502,337)
Finance costs		(35,370)	(51,643)
Rental property expenses		<u>(112,277)</u>	<u>(110,588)</u>
Profit before income tax	3	<u>3,349,716</u>	<u>3,108,295</u>
Income tax expense	4	<u>(105,064)</u>	<u>(123,484)</u>
Profit after income tax		<u>3,244,652</u>	<u>2,984,811</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>3,244,652</u>	<u>2,984,811</u>

Statement of financial position

As at 31 December 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	7	7,637,502	6,616,664
Trade and other receivables	8	81,209	218,216
Current tax receivable	14	14,187	11,521
Inventories	9	89,516	93,707
Prepayments		120,754	131,907
Other financial assets	10	2,800,000	1,103,916
Total current assets		10,743,168	8,175,931
Non-current assets			
Property, plant and equipment	11	17,454,698	16,994,988
Investment properties	12	1,863,711	1,926,192
Intangible assets	13	1,146,884	990,000
Deferred tax assets	14	47,960	42,873
Total non-current assets		20,513,253	19,954,053
Total assets		31,256,421	28,129,984
Current liabilities			
Trade and other payables	15	1,400,900	1,467,514
Short-term provisions	16	793,952	766,154
Borrowings	17	260,600	436,215
Total current liabilities		2,455,452	2,669,883
Non-current liabilities			
Deferred tax liabilities	14	569	2,717
Long-term provisions	16	50,856	32,605
Borrowings	17	294,778	214,665
Total non-current liabilities		346,203	249,987
Total liabilities		2,801,655	2,919,870
Net assets		28,454,766	25,210,114
Equity			
Retained earnings		28,454,766	25,210,114
Total equity		28,454,766	25,210,114

Statement of changes in equity

For year ended 31 December 2014

	Retained earnings \$	Total \$
Balance at 1 January 2013	22,225,303	22,225,303
Total comprehensive income	2,984,811	2,984,811
Balance at 31 December 2013	25,210,114	25,210,114
Total comprehensive income	3,244,652	3,244,652
Balance at 31 December 2014	28,454,766	28,454,766

Statement of cash flows

For year ended 31 December 2014

	Note	2014 \$	2013 \$
Cash flow from operating activities			
Receipts from customers		20,502,914	18,859,833
Payments to suppliers and employees		(11,717,035)	(10,491,177)
Gaming duty paid		(3,523,958)	(3,191,621)
Interest received		252,525	250,029
Income tax paid		(123,820)	(235,786)
		<hr/>	<hr/>
Net cash provided by operating activities	20a	5,390,626	5,191,278
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	31,990
Proceeds from insurance claims		459,469	-
Purchase of property, plant and equipment		(2,829,296)	(2,974,852)
Purchase of intangible assets		(173,005)	(201,007)
Movement in term deposits		(1,696,084)	1,001,851
		<hr/>	<hr/>
Net cash used in investing activities		(4,238,916)	(2,142,018)
Cash flow from financing activities			
Net repayment of hire purchase liabilities		(95,502)	(5,934)
Interest paid		(35,370)	(51,643)
		<hr/>	<hr/>
Net cash used in financing activities		(130,872)	(57,577)
		<hr/>	<hr/>
Net increase in cash held		1,020,838	2,991,683
Cash at beginning of year		6,616,664	3,624,981
		<hr/>	<hr/>
Cash at end of year	7	7,637,502	6,616,664

Notes to the financial statements

For the year ended 31 December 2014

Note 1: Statement of significant accounting policies

General information and statement of compliance

The financial report includes the financial statements and notes of Earlwood-Bardwell Park RSL Club Limited. Earlwood-Bardwell Park RSL Club Limited is a company limited by guarantee, incorporated and domiciled in Australia.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. City of Earlwood-Bardwell Park RSL Club Limited is a not-for-profit entity for the purpose of preparing the financial statements.

These financial statements for the year ended 31 December 2014 were approved and authorised for issue by the Board of Directors on 19 February 2015.

Summary of accounting policies

Reporting basis and conventions

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. The accounting policies have been consistently applied, unless otherwise stated. The measurement bases are more fully described in the accounting policies below. The result for the year ended 31 December 2014 represents a 52 week period (2013: 52 weeks).

Reduced Disclosure Requirements standards effective for annual reporting periods beginning on or after 1 January 2014

One revised standard has become effective for annual reporting periods beginning on or after 1 January 2014. The amendment to *AASB 136 Impairment of Assets* addresses the disclosure of information about the recoverable amount of an impaired asset, if that amount is based on the fair value less costs of disposal. This amendment has had no significant impact on the entity.

Accounting policies

a. Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Due to the doctrine of mutuality, the club is taxed on net income from non-members and other external sources only, and accordingly taxable income does not relate to net profit before tax disclosed in the statement of profit or loss and other comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Club's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

b. Inventories

Liquor and food stocks have been valued at the lower of cost and net realisable value, on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Full provision has been made for deterioration and obsolescence of inventories where appropriate.

c. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at cost, less subsequent depreciation for buildings.

Note 1: Statement of significant accounting policies (cont)

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

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

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 their useful lives 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 life of the improvements.

Depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2-5%
Leasehold improvements	7-27%
Motor vehicles	15%
Furniture, fittings, and equipment	2.5-40%

The assets' residual values and useful lives are updated as required, but at least annually.

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 or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

d. Investment Property

Investment property, comprising rental properties, is held to generate long-term rental yields and capital appreciation. All tenant leases are on an arm's length basis. Investment property is carried at cost, less subsequent depreciation.

Class of asset	Depreciation
Investment property	2-3%

Note 1: Statement of significant accounting policies (cont)

e. Leased Assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Club is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments. A corresponding amount is recognised as a finance lease liability.

Operating leases

All other leases are treated as operating leases. Where the Club is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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 are allocated between the reduction of the lease liability and the lease interest expense for the year.

f. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the club assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

g. Impairment of Assets

At each reporting date, the club 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.

Impairment testing is performed annually for intangible assets with indefinite lives.

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

Note 1: Statement of significant accounting policies (cont)

h. Intangible Assets

Gaming machine entitlements are valued in the accounts at cost of acquisition. Gaming machine entitlements are not amortised as these entitlements have an indefinite life for which value in use exceeds original cost. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

Gaming licences are valued in the accounts at cost of acquisition less amortisation over the life of the licence.

i. Employee Benefits

Provision is made for the club's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at their net present value.

j. Provisions

Provisions are recognised when the club 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.

k. 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, and bank overdrafts.

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.

l. Revenue

Revenue from the sale of goods and rendering of service is recognised upon the delivery of goods and services to customers.

Membership subscriptions are recognised in respect of the membership year to which it relates.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised expensed in the year in which they are incurred.

Note 1: Statement of significant accounting policies (cont)

n. Comparative Figures

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

o. 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 Taxation 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 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.

p. Company Limited by Guarantee

On the 16th of May 1972, the club was incorporated in New South Wales under the NSW Companies Act 1961, as a company limited by guarantee. The amount of the guarantee is limited by the memorandum of association to \$5 per member. This guarantee is not capable of being called up except for the purpose of winding up of the Club.

q. Critical accounting estimates and judgments

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2: Revenue

	2014	2013
	\$	\$
Revenue		
Gaming machine	15,949,936	14,786,277
Bar and restaurant	1,639,713	1,608,307
Keno commissions	97,843	103,933
Green fees	18,404	17,819
Rental income	44,250	56,000
Gym revenue	438,499	401,462
Property rental income	145,374	153,599
Other income	147,011	154,666
	<u>18,481,030</u>	<u>17,282,063</u>
Interest received from other persons	<u>252,525</u>	<u>250,029</u>
Total Revenue	<u>18,733,555</u>	<u>17,532,092</u>
Other income		
Gain on disposal of property, plant and equipment	-	22,935
Insurance proceeds	<u>459,469</u>	<u>-</u>

Note 3: Profit before income tax

	2014	2013
	\$	\$
a. Expenses		
Cost of sales	592,392	592,117
Finance costs – external	35,370	51,643
Depreciation of non-current assets		
- property, plant and equipment	2,071,966	2,062,322
- investment property	62,481	76,210
- leasehold improvements	136,994	121,161
Amortisation of non-current assets		
- game licences	16,121	16,120
Net (loss)/ gain on disposal of non-current assets		
- property, plant and equipment	(160,626)	(14,444)
Rental expense on operating leases		
- minimum lease payments	53,926	53,829
Employee related expenses	2,862,188	2,497,820
Expenses incurred in relation to rental property	112,278	110,588

Note 4: Income Tax Expense

	2014 \$	2013 \$
a. The components of tax expense comprise:		
Current tax	109,856	120,183
Deferred tax	(4,792)	3,301
	<u>105,064</u>	<u>123,484</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit before income tax at 30% (2013: 30%)	1,007,685	932,486
Add tax effect of:		
- other non-deductible items	20,110	-
Less tax effect of:		
- other non-deductible items	-	12,727
- tax loss on sale of fixed assets	7,321	721
- income tax attributable to members	759,178	649,374
- capital allowance (2.5% building write-off)	3,765	3,618
- allowable depreciation	130,684	124,808
- under state of prior year income tax receivable	21,783	17,754
Income tax expense	<u>105,064</u>	<u>123,484</u>
The applicable weighted average effective tax rates are as follows:	3.13%	3.97%

Note 5: Key Management Personnel Compensation**Key Management Personnel****a. Directors**

The directors who have held office during the financial year are:

J V Gearin	R E Collier
S B Murray	T W Lewis
B W White	G Bernhardt
M B Plater	

b. Key management personnel

Compensation paid to the key management personnel and directors during the financial year is:

	2014 \$	2013 \$
Total compensation	<u>777,737</u>	<u>721,629</u>

Note 6: Auditors' Remuneration

	2014 \$	2013 \$
Remuneration of the auditor for:		
- audit services	46,000	44,900
- other services	13,530	9,984
Total audited remuneration	<u>59,530</u>	<u>54,884</u>

Note 7: Cash and Cash Equivalents

	2014 \$	2013 \$
Cash, at bank and on hand	<u>7,637,502</u>	<u>6,616,664</u>

Note 8: Trade and Other Receivables

	2014	2013
	\$	\$
Trade receivables	1,284	64
Other receivables	80,150	218,377
Impairment of receivables	(225)	(225)
	<u>81,209</u>	<u>218,216</u>
Total trade and other receivables	<u>81,209</u>	<u>218,216</u>

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss was recognised at balance date. At 31 December 2014, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days	+91 days
	\$	\$	\$	\$	\$
Trade receivables	<u>1,284</u>	<u>983</u>	<u>140</u>	<u>-</u>	<u>161</u>

Note 9: Inventories

	2014	2013
	\$	\$
Current		
Liquor and bar supplies at cost	<u>89,516</u>	<u>93,707</u>

Note 10: Other Financial Assets

	2014	2013
	\$	\$
Current		
Term deposits	<u>2,800,000</u>	<u>1,103,916</u>

Note 11: Property, Plant and Equipment

	2014	2013
	\$	\$
Land and buildings		
Freehold land and buildings at cost:	\$	\$
Hartill-Law Avenue, Bardwell Park	190,000	190,000
Buildings	15,226,367	14,806,872
Less accumulated depreciation	(5,180,687)	(4,790,193)
Total land and buildings	<u>10,235,680</u>	<u>10,206,679</u>
Leasehold improvements		
Leasehold improvements at cost:		
Doris Avenue, Earlwood	2,271,758	1,699,930
Less accumulated amortisation	(656,292)	(519,298)
Total leasehold improvements	<u>1,615,466</u>	<u>1,180,632</u>
Furniture, fittings and equipment		
At cost	13,527,602	13,111,016
Less accumulated depreciation	(8,807,556)	(8,437,192)
Total furniture, fittings and equipment	<u>4,720,046</u>	<u>4,673,824</u>
Furniture, fittings and equipment under financing arrangement		
At cost	1,210,019	1,500,289
Less accumulated depreciation	(649,289)	(666,567)
Total furniture, fittings and equipment under financing arrangement	<u>560,730</u>	<u>833,722</u>
Motor vehicles		
At cost	116,784	120,325
Less accumulated depreciation	(23,876)	(20,194)
Total motor vehicles	<u>92,908</u>	<u>100,131</u>
Construction work in progress, at cost	<u>229,868</u>	<u>-</u>
Total property, plant and equipment	<u>17,454,698</u>	<u>16,994,988</u>

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:

Note 11: Property, Plant and Equipment (cont)

	Freehold Land & Buildings	Leasehold Improvements	Motor Vehicles	Total Furniture, Fittings & Equipment	Construction work in progress	Total
	\$	\$	\$	\$	\$	\$
1 January 2014	10,206,679	1,180,632	100,131	5,507,546	-	16,994,988
Additions	-	13,830	12,317	1,448,435	1,354,713	2,829,295
Disposals	(3,073)	-	(1,888)	(155,665)	-	(160,626)
Transfers	423,082	557,998	-	143,765	(1,124,845)	-
Depreciation	(391,008)	(136,994)	(17,652)	(1,663,305)	-	(2,208,959)
31 December 2014	10,235,680	1,615,466	92,908	5,280,776	229,868	17,454,698

b. Core property assets

Under the Registered Clubs' Act the company is to define its core assets. The Core assets of the club are Freehold land and building situated at 18 Hartill-Law Avenue Bardwell Park NSW 2207 and Leasehold building situated at Doris Avenue Earlwood NSW 2206. The Clubs Investment Properties are defined under the Act as Non-Core.

Note 12: Investment Properties

	2014 \$	2013 \$
Investment properties		
Cost	2,499,241	2,499,241
Accumulated depreciation	(635,530)	(573,049)
	<u>1,863,711</u>	<u>1,926,192</u>
a. Movements in carrying amounts		
Balance as at 1 January 2014	1,926,192	2,002,402
Additions	-	-
Disposals	-	-
Depreciation	(62,481)	(76,210)
Balance at 31 December 2014	<u>1,863,711</u>	<u>1,926,192</u>

Note 13: Intangible Assets

	2014 \$	2013 \$
Gaming machine entitlements		
Cost	1,142,285	969,280
Game licences		
Cost	117,075	117,075
Accumulated amortisation	(112,476)	(96,355)
	<u>4,599</u>	<u>20,720</u>
Total intangible assets	<u>1,146,884</u>	<u>990,000</u>

a. Movements in carrying amounts

	Gaming Machine Entitlements \$	Game Licences \$	Total \$
Balance at 1 January 2013	768,273	36,840	805,113
Additions	201,007	-	201,007
Disposals	-	-	-
Amortisation expense	-	(16,120)	(16,120)
Balance at 31 December 2013	<u>969,280</u>	<u>20,720</u>	<u>990,000</u>
Additions	173,005	-	173,005
Disposals	-	-	-
Amortisation expense	-	(16,121)	(16,121)
Balance at 31 December 2014	<u>1,142,285</u>	<u>4,599</u>	<u>1,146,884</u>

Note 14: Tax

a. Assets	2014	2013
Non-current	\$	\$
Deferred tax assets comprise:		
- provisions	43,868	39,859
- other timing differences	4,092	3,014
	<u>47,960</u>	<u>42,873</u>
b. Liabilities		
Current		
Current tax (receivable)/ payable	<u>(14,187)</u>	<u>(11,521)</u>
Non-current		
Deferred tax liabilities comprise:		
Prepayments	-	-
Lease liabilities	569	2,717
	<u>569</u>	<u>2,717</u>
c. Reconciliations		
i. Deferred tax asset		
The overall movement in the deferred tax account is as follows:		
- opening balance	42,873	57,721
- (debit)/credit to profit or loss	5,087	(14,848)
Closing balance	<u>47,960</u>	<u>42,873</u>
ii. Deferred tax liabilities		
The overall movement in the deferred tax account is as follows:		
- opening balance	2,717	785
- debit/(credit) to profit or loss	(2,148)	1,932
Closing balance	<u>569</u>	<u>2,717</u>

Note 15: Trade and Other Payables

	2014	2013
Current	\$	\$
Trade creditors and accruals	637,654	582,110
Sundry payables	763,246	885,404
	<u>1,400,900</u>	<u>1,467,514</u>

Note 16: Provisions

	Employee benefits \$	Loyalty points \$	Total \$
Opening balance at 1 January 2014	758,092	40,667	798,759
Provisions (used)/ raised during the year	46,979	(930)	46,049
Balance at 31 December 2014	<u>805,071</u>	<u>39,737</u>	<u>844,808</u>
	2014	2013	
	\$	\$	
Analysis of total provisions			
Current	793,952	766,154	
Non-current	50,856	32,605	
Total provisions	<u>844,808</u>	<u>798,759</u>	

Note 17: Borrowings

	2014 \$	2013 \$
Current		
Hire purchase liabilities	260,600	436,215
Finance leases	-	-
	<u>260,600</u>	<u>436,215</u>
Non-current		
Hire purchase liabilities	294,778	214,665
Finance leases	-	-
	<u>294,778</u>	<u>214,665</u>

Note 18: Leasing Commitments

a. Operating Lease Commitments

	2014 \$	2013 \$
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
- not later than 12 months	15,786	30,890
- between 12 months and five years	4,184	18,664
	<u>19,970</u>	<u>49,554</u>

The property lease is a non-cancellable lease with a five-year term, with rent payable annually in advance. Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased by CPI per annum. Options exist to renew the lease at the end of the five-year term for a further two additional five years. Under the lease, the Club is obliged to carry out certain capital works.

b. Finance Lease Commitments

Non-cancellable finance leases contracted for and capitalised in the financial statements

Payable — minimum lease payments		
- not later than 12 months	289,171	466,790
- between 12 months and five years	309,618	225,983
	<u>598,789</u>	<u>692,773</u>
Less future finance charges		
	<u>(43,411)</u>	<u>(41,893)</u>
Present value of minimum lease payments	<u>555,378</u>	<u>650,880</u>

Finance leases are non-cancellable leases each with a three year term.

Note 19: Segment Reporting

The company operates as a registered club within Australia in the hospitality, leisure and entertainment industry.

Note 20: Cash Flow Information

	2014 \$	2013 \$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	3,244,652	2,984,811
Non-cash flows in profit		
Amortisation	16,121	16,120
Depreciation	2,271,441	2,259,693
Net loss/ (gain) on disposal of property, plant and equipment	160,626	14,444
Proceeds from insurance claims included in financing activities	(459,469)	-
Net interest paid included in financing activities	35,370	51,643
Changes in assets and liabilities		
Increase in trade and other receivables	148,528	(175,439)
Decrease in inventories	4,191	501
Increase in prepayments	11,153	(37,955)
Decrease/(increase) in deferred tax assets	(5,087)	14,848
Decrease in current tax payables	(11,521)	(129,082)
Increase/(decrease) in trade and other payables	(69,280)	264,205
Increase/(decrease) in deferred tax liabilities	(2,148)	1,932
(Decrease)/increase in provisions	46,049	(74,443)
Cash flows from operations	<u>5,390,626</u>	<u>5,191,278</u>
b. Credit Standby Arrangement and Loan Facilities		
	Amount of Facility	Amount of facility unused
Type of facility		
Bank loan	<u>1,184,000</u>	<u>1,184,000</u>

The bank loan is arranged with the National Australia Bank with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustments.

Note 21: Related Party Transactions

There were no material transactions with related parties during the year, except as follows:

- i The remuneration and retirement benefits of the Clubs directors and key management personnel who have held office during the financial year are disclosed in Note 5 of this financial report.

Note 22: Events After the Balance Sheet Date

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

The financial report was authorised for issue on 19 February 2015 by the board of directors.

Note 23: Commitments and Contingencies

In October 2014 heavy rain resulted in flooding of the ground floor of the Club, which caused damage to the basement, cool-room, air conditioning units and elevator shaft, as well as writing off stock and other sundry items stored in these locations. The total value of repairs and remedial work is estimated to cost between \$1.1m and \$1.5m. The Club has insurance cover which is anticipated to cover an estimated \$1.2m of the total expenses incurred

The value of necessary repairs and remedial work yet to be incurred as at 31 December 2014 is estimated to cost between \$0.5m and \$0.9m. This restoration work is expected to be completed by June 2015. No liability is recorded until these costs are incurred.

The Club has an insurance policy which is anticipated to cover an estimated \$0.7m of the future expenses to be incurred. No asset is recorded until the insurer acknowledges they will pay the claim, and the amount receivable is quantified.

The club does not have any other contingent liabilities or contingent assets as at 31 December 2014 (2013: \$nil).

Note 24: Company Details

The registered office of the club is:
Earlwood-Bardwell Park RSL
Hartill-Law Avenue
Bardwell Park NSW 2207

The operating locations of the club are:
Hartill-Law Avenue
Bardwell Park NSW 2207

Doris Avenue
Earlwood NSW 2206

Directors' declaration

In the opinion of the directors of Earlwood-Bardwell Park RSL Club Limited:

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the Corporations Act 2001; including
 - a Complying with Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date; and
2. There are reasonable grounds to believe that Earlwood-Bardwell Park RSL Club Limited 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.



Jack Gearin
President
Bardwell Park, dated this 19th day of February 2015

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Independent Auditor's Report To the Members of Earlwood-Bardwell Park RSL Club Limited

We have audited the accompanying financial report of Earlwood-Bardwell Park RSL Club Limited (the "Company"), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

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. The Directors' responsibility also includes 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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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.

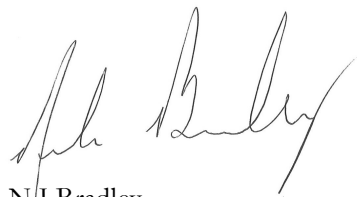
Auditor's opinion

In our opinion the financial report of Earlwood-Bardwell Park RSL Club Limited is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2014 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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



N.J. Bradley
Partner - Audit & Assurance

Sydney, 19 February 2015

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