

Annual Report 2013

Year ending 31st December 2013



Canley Heights RSL & Sporting Club Limited

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Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

President's Report



It's my third report as President and I am so proud to announce a profit of \$1,049,462 which is more than double last year's profit, what a magnificent result.

My thanks to our C.E.O Mark Baxter and his team of Managers -Gilbert, Michelle, Mark and Andrew, and the Staff who have all worked hard to achieve this result, also to the Board of Directors for all their hard work and understanding thank you.

This year has been a year of consolidation with only minor works and replacement of equipment happening where necessary, though we are always making sure that the comfort and enjoyment for you, the members, is always to the highest standards.

We have had a record breaking year in many ways and I will leave that to others to tell you, but it would be wrong of me not to congratulate the Catering, Gaming and Promotion Departments on achieving their great results.

Welcome back to our Sporting groups, you play an important role in this Club and like all good partnerships the support we give one another is important to each others future. Also welcome to the Fairfield/Liverpool Cricket Club who have joined us this year. Good luck to everyone this year, I hope that you all have an enjoyable and successful year.

For the club to progress we need to look at finding other revenues of income or extending our existing club, both of which are easier said than done, but you may have noticed we bought a Food Truck which will be able to do external catering, both to the corporate and private functions, thus generating new income and advertising for the club.

I would like to put on record the wonderful work our staff do and how proud I am of their efforts this year. Once again thank you to the members for your support - if you don't come to this great club, we don't have a club - thank you for your loyalty.

I would like again to thank my fellow Board Members for their help and advice and I would also like to welcome Robert Neesam to the Board. I would like to personally thank Ian Davidson for all his effort and hard work he brought to the Board during his time, Thank you Ian.

Thank you again to everyone who helped achieve this excellent result.

All the very best!

Ennio Facchetti

President



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Treasurer's Report



Dear Members

Report time has rolled around and I have great pleasure in announcing a Net Profit of \$1,049,462 an increase on last year of \$613,997 or 141%.

This increase is very satisfactory in that it is across the board in every department contributing to the result. Gaming of course the main contributor, showing an increase over the year of \$960,253

Bar trading also did its part with a small trading increase, but still keeping a Gross Profit of 52.3% despite the various beer promotions over the year and fiddling with the Bar Prices.

Delight's & Escape sales for the year contributed \$1,614,850 an impressive increase of 18.1% over their 2012 effort.

Keno commissions were up over 30% and the TAB showing an increase of 27.5% in their contribution.

An important ingredient in this year's results has been the success of the tiered loyalty promotion. This random selection of various value gift cards has been instrumental in bringing back some Members who have not frequented our Club for some time. Other random selections reward our Members when least expected – This is "Surprise & Delight" our loyal members are also rewarded with Beverage and Dining discounts when paying by card with their points. Gift Cards are now used extensively in various Club promotions such as Trivia, Saturday Night Raffles and Thursday Day & Night Raffles.

Finally I must mention the Staff – when first elected as Treasurer (1999 I think) I remember commenting that I could see weekly payrolls of \$25,000 in the near future. Today our payrolls are running at \$55 - \$70,000!

Over the years I have seen many new faces arriving but not many of those faces leaving. Two weeks ago I was privileged to attend the retirement celebration for Bob Di Pede who has served loyally for 28 years. He will be missed – on his retirement Bob's first act was to join the Club.

Our Staff have all come together as a large but different family, working together and trusting each other. As always we are at the front in hiring Uni. Students and helping them get their spending necessities.

Our result this year would not have happened without Mark Baxter and his Management Team of Andrew in Gaming and his knowledge and look-outs for new pokies and then Mark Gavelin & Harry Zantiras who likes to keep us guessing as to his next tantalizing tidbits. Gilbert Wong, our Financial Controller please Get Well and come back to us – we need you. A big thank you to Michelle Baxter our Marketing & Promotions Manager – I don't know how she keeps everything going. An extra big thank you to our Office Staff – to Kathy (who does actually know everything), Barbie, Ivy, Jocelyn, Melina and Skye-lea and her fellow receptionists who make every visitors day an occasion. To Charlie & Glen who are always at hand to fix my wheel-chair if needed.

An extremely big thank you to my fellow Board Members who are very supportive and are only a phone call away.

Thank you to you the Members who make up our Club. Your trust in repeatedly re-electing me to my position is really appreciated.

George Collett

Hon. Treasurer

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Ceo's Report



I would like to start my 2013 report by thanking my Management Team, Staff and the Board of Directors for their combined efforts in 2013.

Our trade hit new levels and exceeded many long standing records along the way. This report and its healthy profit of \$1,049,462 would not have been obtained without careful planning and execution.

Back on Saturday 23rd February 2013, the Board and Top 5 Management met off-site with our Clubs consultants, Lawler Partners, and developed our 2013-and-beyond strategic plan. This plan has proven to be fruitful, rewarding and profitable.

With some targets, goals and objectives laid out the Management Team then went about delivering the Board's blue print. After 6 official meetings and a few unofficial meetings both on and off-site, the Management Team implemented and monitored the new directions that had been set.

It was encouraging to see the results at each meeting, as we had used moderate and conservative numbers based on historical data. The Board had approved budgets so that management had the tools to get the job done. Our Gaming Manager – Andrew Mazurkiewicz has been exemplary in creating many of the records broken in 2013. A big thank you to Andrew.

There are a number of reasons why the Club has exceeded expectations in recent times, and whilst our Loyalty Program is the number one reason, the cash redemption terminal, the quality of staff employed at the Club, the standard of catering and functions, the membership drive with the Suzuki Swift give-away, smarter advertising and having the most loyal members of any club are all close seconds.

Some 27 years ago a young Bob Di Pede commenced employment here at the original "Little House". During those years Bob witnessed some good times and bad times, but there were always two things that just kept improving, they being the Club and Bob's growth.

Bob worked his way up from the Bar to Management and for the past 27 years has received more accreditation than most would receive in 3 life times. Bob has attended training and CMA workshops gaining skills in all areas and been part of several committees.

Bob leaves the Club in much better shape than when he found it. And on behalf of the Board, Management, Staff and Patrons we wish him a happy and healthy retirement.

There were many highlights in 2013 and in no particular order, some of my favourites were:

- Being the first Club in NSW to purchase a mobile Gourmet Food Truck which gives us the option of catering for all functions off-site, as well as community events, anywhere anytime. I suppose when we see opposition venues coming up with similar ideas we can say we saw it first at Canley Heights RSL & Sporting Club in 2013.
- Mark Gavinel attending the New York "New Trends" and back-of-house tour (Incidentally that is where the idea for a mobile gourmet food truck came from).
- Michelle Baxter winning a new Toyota GTS Sports car through a News Limited promotion then selling the car back to the car dealer leaving the Club with a nice profit on top of the exposure the Club received through the News Limited advertising.
- David Taylor trekking through the Kokoda Trek on a leadership course. This was really tough, it was heavy going and not for the faint-hearted as 2 participants had to be air-lifted out of the jungle due to injuries. David was given the opportunity to lead the team on Day 1 and thrived on the rugged terrain and the history lessons he received along the trek. I would also like to thank Mr Taffy Pritchard (OAM) and President of our Sub-Branch for their support of this venture.
- Harry Zantiras was selected to attend an Asian Gourmet Tour of Vietnam. Harry has returned with renewed enthusiasm and a large array of Asian dishes which can be viewed from time to time in the brasserie. Harry has always enjoyed the more obscure dishes and he said that he sampled a few of them in Ho Chi Minh City.

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- Mark and Harry chosen as guest speakers at the Sydney Hospitality Expo at Darling Harbour in front of 600 industry colleagues. Harry had to back up a second day at the expo and handled himself with aplomb.
- Smashing the all time record for memberships before November had finished. The record now stands at 8551 as of December 31, 2013

Year:	2001	2004	2008	2013
Memberships:	2834	4608	7662	8551

A very big thank you to Michelle for her all-round efforts this year.

- The Catering Department hitting \$1,600,000.00 in sales for 2013. It was only 2 years ago they hit \$1 million for the first time.
- Mark Gavinel selected as a Bursary Winner to attend 2014 "Melbourne Food & Wine Tour" the Club Managers Association is the judging panel for this Bursary and it is a testament to Mark's all-round skill and professionalism that he was chosen.

With the co-operation of Fairfield Council the opportunity to purchase approx. 5,000 square metres of land behind the Club, this ties in with a master plan. The Board has the vision to look many years ahead and come up with a state of the art facility to house our ever increasing membership base. And I must take this opportunity to thank Ennio Facchetti, Club President, for his drive and the tenacity shown to get the project done. His leadership and direction is very much appreciated.

I must thank Treasurer – George Collett and CFO – Gilbert Wong, for their efforts and continued support.

I would like to finish my report by thanking you, our loyal Member and I would like to remind you that all profits made go back to the Members via improved facilities and upgrades as well as increasing our level of support to the local community.

Thankyou

A handwritten signature in black ink, appearing to read 'M Baxter'.

Mark Baxter

CEO

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Financial Controller's Report

Dear Members,

Another year has gone by so quickly and I am happy to report to the Members the financial performances of our Club in 2013.

Just over 12 months ago, our Club had a Strategic Plan in place for the 2013 financial year to increase the levels of sustainability and profitability of our Club as a whole. Some of the main and important goals and targets which the Board of Directors along with the Management team had to do and meet was :-

1. Have a \$1,000,000 net profit result for the year;
2. Improve the Club's EBITARD Percentage (%);
3. Improve Club's Cash Flow management;
4. Improve Food and Bar Operations and profitability;
5. Maintain and improve Gaming profitability levels;
6. Maintain and enhance the Club's strong customer service levels by providing good levels of marketing and promotions;

We are proud to report a Net Profit of \$1,049,462.00 for 2013, which produced an improvement of \$613,997 over 2012's net profit figure.

Our Club's EBITARD Percentage for 2013 was 14% as compared to 9% in 2012 (As calculated by Lawler Partners). This percentage is a big improvement to our previous years EBITARD % where it all fell below the 10% mark. Any Clubs with an EBITARD of below 15% are usually seen to be in a distress level and referred to a Club Viability panel to improve its profitability. Our target EBITARD would be 20% and we are doing our best to meet this level progressively in 2014 onwards.

Our Cash Flow has improved vastly over the 2013 year, due to the positive changes created for the Club. With older loans consolidated in 2013 to create a new loan commitment, the repayments and interest component was reduced substantially, hence improving and streamlining the flow of reconciliations as well. With better management and handling of payments of bills, we were also reducing the purchasing of Assets by way of Hire Purchase as seen in the past. The Net effect on Cash Flow increased by \$54,197, with an ending balance of \$857,049.00.

Both Food and Bar Gross Profits have improved in 2013. Both Departments showed steady Sales increases during the year with improved management of product pricing and increase traffic to the Club. The Cost of Sales for the two departments increased by 12.67% (Food) and 7.31% (Bar). With our Club's Tiered Loyalty Program in place, we have given out in excess of \$360,000.00 in Bar and Food promotions to our loyal Members to enjoy through the year. We will continue to improve these departments and at the same time provide more effective and efficient profitability levels.

The Club's main engine room, being Poker Machine Gaming, needs to be applauded and noted for the record figures it produced through the year in 2013. With the Club's Tiered Loyalty Program, newer and updated machines through a 5 year asset renewal strategy, new cash redemption terminal, TITO and updated reporting tools, our Gaming revenue increased by well over \$960,000.00. We also saw an increase of 6.16% in direct gaming activities expenses which is, in my opinion, reasonable and fair.

Our Club always strived to give our Members and their guests an experience when they frequent the Club. It is equally important to mention that we have provided and given out in excess of \$1.65 million in promotions and marketing expenditures (Gross total including non-cash promotion components) during the 2013 year. These include Poker League Card Games, Cambodian and various Band performances, Bistro and Bar Promotions, Member Giveaways, Raffles, Bingo and many more which you Members are well aware about. It is with great satisfaction to see that our Club is capable in providing such a vast variety of promotions to our valued Members and still have a good result on our profit for the year.

Thank you again to all of our dedicated Staff, Management Team and Board of Directors for their endless support and efforts. Special mention and thanks to Mark Baxter our CEO, George Collett our Treasurer, Ivy Dinh (Finance & Payroll) and Jocelyn Cheuk (Finance), for their support, efforts and assistance through the year.

Lastly, I want to take this time and opportunity to thank the Members for their continued support and I hope our reports will continue to improve for many more years to come.

Yours faithfully,

Gilbert Wong CPA

Financial Controller



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Annual General Meeting - Sunday 19th May 2013

63 Members in attendance

Main Table: Ennio Facchetti #160 (President)
Mark Baxter (CEO)
George Collett #25 (Treasurer)
Bruce Gotterson (Pigott Stinson)
Anthony Frawley – (Club Auditor – DM Walsh & Co)

Meeting Opened: 9:30am by Chairman E. Facchetti #160

E. Facchetti welcomed all and introduced the Main Table and reminded all of the house rules – switching off of mobile phones during the meeting etc;

Apologies: Gilbert Wong (Financial Controller)
Z. Kiernan #901

Confirmation of the 2012 Annual General Meeting Minutes.

Moved: R. Pritchard (OAM) #3 Seconded: K. Dawson #362 Carried

Confirmation and Acceptance of the 2012 Annual Financial Report

Moved: K. Mullin #83 Seconded: W. Philpott #41 Carried

R. Neesam #162 asked for clarification on the statements made by both the CEO & President in the annual report that the club will be debt free this year?

M. Baxter explained that what was meant by debt free was that the Ticket In/Ticket Out loan expires in August & the Escape extension expires in July – they were referring to finalising the outstanding large loan repayments, there are other leases still in play.

M. Baxter gave the Members a club Update - the Clubs goals for the future and the Board's recent locking in of a strategic/master plan. The Board in conjunction with Lawler partners took the feedback from the members from the surveys and focus group sessions. Items will be addressed on an ongoing basis with some changes having already been implemented. Council have been approached re; the possibility of purchasing land so we have the space to consider other revenue streams. Planners and architects have been engaged to assist with this process and hopefully we will know more in the next couple of months as to where we sit in the regard.

Confirmation and Acceptance of the 2012 Annual Report

Moved: C. Datta #1626 Seconded: N. Johnson #54 Carried

Club Solicitor Bruce Gotterson to explain to the Members about the Resolutions as outlined in the Annual Report

The Members are to Receive and Consider and if thought fit adopt the Annual Report issued to members for the year ending 31st December 2012 (including Resolutions 1- 6) & (Special Resolutions 1 – 3) including the necessary changes that must be made to the Clubs Constitution to reflect the outcome on the voting of the Resolutions, Special resolutions and Legislative Changes.

Resolutions

Resolution 1 – Directors' Expenses

Moved: R. Pritchard (OAM) #3 Seconded: K. Dawson #362 Carried

Resolution 2 – Directors' Honorariums

Moved: K. Mullin #83 Seconded: G. O'Sullivan #1987 Carried

Resolution 3 – Sub-Clubs, Sporting Groups, Charitable Organisations & other Intra Club Bodies

Moved: I. Davidson #1730 Seconded: A. Kiernan #1 Carried

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Resolution 4 – Members Service Badges

Moved: K. Dawson #362 **Seconded:** N. Johnson #54 Carried

Resolution 5 – Life Members Refreshments

Moved: J. Crosariol #1781 **Seconded:** G. Dawson #361 Carried

Resolution 6 – K. Mullin #83 - Life Membership

K. Mullin #83 left the room whilst a discussion took place regarding his nomination for Life Membership.

E. Facchetti spoke about K. Mullin's contributions to the Club, his efforts as a Board Member (especially as President during some of the tough times for the club industry, with the legislative changes and smoking laws) and his involvement with the Golf Club, and raising money from the Anzac Day Two-Up for Legacy.

A vote was taken and the Members defeated the nomination to elect K. Mullin #83 as a Life Member of the Club.

Nomination Defeated

K. Mullin was invited back into the room and advised on the decision. K. Mullin #83 thanked the Board for their recommendation and said that the members have made their decision.

Special Resolutions

First Special Resolution

That the Constitution of Canley Heights RSL and Sporting Club Limited be amended by:

Deleting "fifty (50)" from rule 76(b) and replacing it with "thirty (30)" so that rule 76(b) will appear as follows:

"At any General Meeting of the Club thirty (30) eligible members present in person shall be a quorum."

J. Craig #101 spoke against the motion – thinks it is dangerous to reduce numbers, members own the club and we need to keep people honest. He doesn't want people to come in and take over the club.

R. Pritchard (OAM) #3 spoke against the motion – membership is increasing each year, so AGM numbers should be increasing.

E. Facchetti #160 mentioned that it is easier to get people to attend on an election year, but when it is not an election year we may struggle to get the numbers.

J. Craig #101 said people only get the Financial report when they come to the club on the day and they can't read it. E. Facchetti said anyone that requested the report received it more than 21 days prior to today's meeting.

J. Crosariol #1781 asked how many AGM's have we not met the quorum to conduct the meeting.

E. Facchetti thinks it may be twice in approx. 13 years that we haven't had the numbers to meet the quorum.

A vote was taken

Motion Defeated

Second Special Resolution

That the Constitution of Canley Heights RSL and Sporting Club Limited be amended by

- (a) **Deleting** the words, "at a rate not exceeding 6% per annum on money lent" and inserting in lieu thereof the following, "at the rate not exceeding the rate charged from time to time by bankers in Sydney for overdrawn accounts on money lent by a member to the Club";
- (b) **Adding** the words; "and an honorarium in accordance with section 10 (6)(b) of the Registered Clubs Act" to the end of rule 11;
- (c) **Deleting** Rule 15 and inserting in lieu thereof "Rule 15-deleted";
- (d) **Deleting** the words, "and cross-examine any witnesses" from the end of rule 43(a)(ii);
- (e) **Deleting** the words, "be by secret ballot and" from Rule 43(a) (iv) and in lieu thereof inserting the words, "take effect if it is.";
- (f) **Deleting** rule 46(a) and (b) and making rule 46(c) rule 46;



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(g) **Adding** the following new rule 47(c):

"A member is ineligible to be nominated for or be elected or appointed to the Board if that member:

(i) has at any time been convicted of an indictable offence; or

(ii) is a former employee of the Club whose services were terminated by the Club for misconduct.

(iii) was an employee of the Club, or any club that has amalgamated with the Club, within the period of three (3) years prior to nomination, election or appointment to the Board."

(h) **Deleting** rule 48 (b);

(i) **Deleting** rule 49(b) and in lieu thereof inserting the following new rule 49(b):

"In case of doubt as to the formality or validity of any nomination the question will be referred to the Returning Officer whose decision will be final and conclusive"

(j) **Deleting** "Section 41G of" from rule 64;

(k) **Deleting** rule 64E and inserting in lieu thereof, "Rule 64E-deleted";

(l) **Deleting** "Section 227" from rule 65.

The members Moved to approve Special Resolution Two as stated above;

Moved: R. Neesam #162

Seconded: J. Craig #101

Carried

Third Special Resolution

That the Constitution Canley Heights RSL and Sporting Club Limited be amended by adding the following new rule 70 (e) in relation to the postponement of a general meeting;

"The Board shall have the power to postpone a general meeting (if notice of the meeting has been sent to members), which it has called and it shall postpone any other general meeting on the request of at least 5% of the members who requisitioned for the meeting to be called provided that at least three (3) days before the date of the meeting a Message to Members advising of the postponement is placed on the Club's Notice Board and also published in a local newspaper which circulates in the area of the Club."

The members Moved to approve Special Resolution Three as stated above;

Moved: A. Kiernan #1

Seconded: R. Pritchard (OAM) #3

Carried

E. Facchetti #160 declared all positions vacant and read out the results of the Election:

President: E. Facchetti #160 (elected unopposed)

Treasurer: G. Collett #25 (elected unopposed)

341 votes were made (26 informal)

For the position of Vice President:

I. Davidson 155 votes / N. Johnson 160 votes

N. Johnson #54 elected as Vice-President



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Due to the fact that N. Johnson was elected as Vice-President a count was not required for the Directors positions (as this left the amount of positions vacant filled by those that stood), and the Directors are as follows:

R. Neesam #162

K. Dawson #362

F. Tedesco #129

K. Todd #1032

C. Simmons #7602

E. Facchetti #160 thanked I. Davidson for his efforts during his time on the Board. He contributed a lot during his time.

General Business

G. O'Sullivan #1987 – spoke on the toilets and requested that one of the two doors upon entry to the toilets be removed, as people don't wash their hands.

M. Baxter advised that this is something that is being addressed with the architects; M. Baxter can't promise it will happen in the next couple of months, but it is being discussed.

C. Datta #1626 – why can't the Electoral Office declare the results of the election at the meeting?

M. Baxter advised that the official election results will be posted at the end of the meeting, which is signed off by the Electoral Commission and the Scrutineer.

Chairman E. Facchetti thanked all for coming and advised all that attended should have received their tickets for the complimentary breakfast and drinks.

Meeting Closed: 10:09am



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Notice Of Annual General Meeting

**COMMENCES AT 9:30AM SHARP ON SUNDAY 18th MAY 2014 IN THE WAKELEY ROOM AT CANLEY HEIGHTS RSL & SPORTING CLUB
26 HUMPHRIES RD, WAKELEY.**

ORDER OF BUSINESS

Welcome & Apologies

1) Apologies

Confirmation of Minutes of Last General meeting

2) To confirm the minutes of the Annual General Meeting held on Sunday, 19th May 2013.

Club Update & Treasurers Report

Annual Report

3) To receive, consider and if thought fit adopt the Annual report to members for the year ended 31st December 2013 including:

- Directors Report & Declaration
- Auditors Report
- Income Statement
- Balance Sheet
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Accounts

Directors Expenses, Honorariums, Sub-Clubs and Members Badges

4) To consider and if thought fit pass the following resolutions:

Resolution 1: Directors Expenses

In accordance with Section 10 (6) and (6A) of the Registered Clubs Act the following resolution is submitted for consideration and approval:

- i) Directors be supplied with Club Directors Uniforms to be worn at Board Meetings and when representing the Club in an official capacity.
- ii) The payment of reasonable expenses in relation to the attendance of Directors at the ClubsNSW's AGM, conferences, industry updates and other educational industry meetings or business related conferences/club related activities in order to be conversant with:
 - Directors responsibilities
 - Best Club Management Practice
 - Latest development in the Club Industry
- iii) A reasonable amount be allocated to the President (or his delegate) for the provision of refreshments "to persons in circumstances which relate to the President's duties and his role as the President of the club".
- iv) A reasonable amount be allocated for provision of food and refreshments to Directors after Board Meetings.
- v) Attendance of Directors at functions, with spouses where appropriate, when required to represent the Club.
- vi) Directors be provided with reserved parking.
- vii) Directors be provided with reserved seating, free entry to various shows, concerts, seminars, etc;
- viii) Directors be provided with a ham and a carton of beer at Christmas Time.



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“Resolution 2 – Directors’ Honorariums

In accordance with Section 10(6) (b) of the Registered Clubs Act, the following resolutions are submitted for consideration:

- a) “Subject to (b) below Members hereby approve the Directors of the Club receiving the following honorariums for the following twelve (12) months:
- President \$5,000.00
 - Vice President \$3,000.00
 - Treasurer \$3,000.00
 - Directors \$1,000.00

b) The honorariums shall be paid in quarterly instalments in arrears with payments to be made once a profit has been determined by the Directors at a monthly Board Meeting. The quarterly instalment would then be paid the following Monday after the Board Meeting. A quarterly payment would not be paid if the club incurred a loss in the accounts for the previous quarter.

Notes to Members in Relation To the Resolution

The resolution approves the payment of honorariums to the directors of the Club in the amounts specified in the resolution. Pursuant to the Registered Clubs Act honorariums can only be given to directors if they have been approved by members at a general meeting including an Annual General Meeting of the Club.

The amounts in the resolution are the same as last year and as was introduced last year the amount should be paid in quarterly instalments (on the first Monday after the monthly Board Meeting at which the Board accepts the Financial Reports for the Quarter as having shown a profit for the previous quarter). However a quarterly instalment will not be paid if the Club has recorded a loss in the previous quarter’s accounts. Therefore if a loss for the quarter prior to the date an instalment is payable is shown then there will be no quarterly payment.

The members acknowledge that the benefits in Resolutions 1 and 2 above are not available to members generally but only for those who are Directors of the Club and are in keeping with their role of Directors.

Resolution 3 – Sub-Clubs, Sporting Groups, Charitable Organisations and other Intra Club Bodies

“That the Board of Directors be authorised to make grants to support Sub-Clubs, Sporting Groups, Charitable Organisations and other Intra Club Bodies where appropriate.”

Resolution 4 – Members Badges

“That the Club provide to members in recognition of their length of membership at the Club (at the Club’s cost) a members badge upon ten years continuous membership, fifteen years continuous membership and twenty years continuous membership of the Club.”

Resolution 5 – Life Members

That, as and from 18 May 2014 and in accordance with section 10(6A) of the Registered Clubs Act, each Life member of the Club will be eligible, to a maximum of, one complimentary beverage (alcoholic or non-alcoholic) on each day they attend the Club.

The members acknowledge that the benefits in Resolution 5 above are not available to members generally, but only for those who are Life members of the Club.”

Special Resolutions – proposed amendments to the Constitution

5) To consider and, if thought fit, pass the Special Resolution proposed to amend the Club’s Constitution which follows on from this Notice of Annual General Meeting.

General Business

6) To transact any business that may be brought before the meeting in conformity with the constitution of the Club.

By order of the Board of Directors

M. T. Baxter

Chief Executive Officer

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Notes to Members

1. The Doors to the Meeting will be closed at 9:30am and no Members will be permitted entry to the meeting after this time
2. Members are reminded only financial questions on notice will be dealt with at the AGM. Any questions relating to the Annual Report must be in writing addressed to the Chief Executive Officer and received prior to the 27 April 2014 to enable the appropriate research to be undertaken on the question by the Board. Any questions received after this date will not be addressed at the AGM.

NOTICE TO MEMBERS ABOUT THE ANNUAL FINANCIAL REPORTS

Members are advised that the Corporations Act was amended in 2011 to include a new section 316A which provides that if members want copies of the Financial report, the Directors' report and the Auditors report for the financial year to be sent to them they need to notify the Club in writing. The Club will not be posting out these reports to every member but only to those members who have given written notice to the Club that they require copies to be sent to them either by post or by email at the email address they give to the Club.

NOTICE OF SPECIAL RESOLUTION FOR ANNUAL GENERAL MEETING

Members will be asked at the AGM to be held on Sunday 18th May 2014 to consider and if thought fit pass the Special Resolution set out below:

PROCEDURAL MATTERS FOR SPECIAL RESOLUTIONS

1. To be passed, the Special Resolution must receive votes in favour from not less than three quarters (75%) of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
2. The Special Resolution should be read in conjunction with the notes to members which follows the Special Resolution.
3. Only Life members, Financial Service members and Financial Ordinary members (who have been Financial Ordinary members for a continuous period of at least twelve (12) months) may vote on the Special Resolution.
4. Under the Registered Clubs Act:
 - (a) members who are employees of the Club are not entitled to vote.
 - (b) proxy voting is prohibited.
5. Amendments to the Special Resolution (other than minor typographical corrections which do not change the substance or effect of the Special Resolution) will not be permitted from the floor of the meeting.
6. The Board of the Club recommends the Special Resolution to members.

SPECIAL RESOLUTION

[The Special Resolution is to be read in conjunction with the notes to members set out below.]

That the Constitution of Canley Heights RSL & Sporting Club Limited be amended by deleting Rule 53A and in lieu thereof inserting the following new Rules 53A:

"53A.(a) As soon as reasonably practicable after the completion of each Annual General Meeting, the Board of Directors shall appoint, from amongst their number, a maximum of two (2) directors to act as Welfare Officers of the Club.

(b) Subject to approval by members at each Annual General Meeting:

- (i) the Welfare Officers shall receive an honorarium each year for carrying out their role as Welfare Officer; and
- (ii) the value of the honorarium for the Welfare Officers referred to in Rule 53A(b)(i) shall be as follows:

- (1) if one (1) Welfare Officer is appointed, the Welfare Officer shall be entitled to an honorarium for a maximum amount of \$4,800 per year.
- (2) if two (2) Welfare Officers are appointed, each Welfare Officer shall be entitled to an honorarium for a maximum amount of \$2,400 per year."



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Notes to Members on Special Resolution

1. The Special Resolution proposes to amend an existing provision relating to the honorariums for Welfare Officers.
2. The Constitution currently provides that:
 - (a) the Board appoints two (2) directors (from amongst their number) to act as Welfare Officers of the Club.
 - (b) subject to member approval at the Annual General Meeting, each of the Welfare Officers is entitled to an honorarium for a maximum amount of \$2,400.
3. At present, the Club only has one (1) Welfare Officer.
4. If the Special Resolution is passed:
 - (a) the Board shall appoint up to two (2) directors (from amongst their number) to act as Welfare Officers of the Club; and
 - (b) subject to approval by members at each Annual General Meeting:
 - (i) the Welfare Officers shall receive an honorarium each year for carrying out their role as Welfare Officer; and
 - (ii) the value of the honorarium for the Welfare Officers shall be as follows:
 - (1) if one (1) Welfare Officer is appointed, the Welfare Officer shall be entitled to an honorarium for a maximum amount of \$4,800 per year.
 - (2) if two (2) Welfare Officers are appointed, each Welfare Officer shall be entitled to an honorarium for a maximum amount of \$2,400 per year.
5. The Board recommends this amendment because:
 - (a) it provides flexibility in respect of the number of Welfare Officers that the Board is required to appoint and addresses instances where less than two (2) Welfare Officers are able to be appointed; and
 - (b) it allows members to approve a higher maximum honorarium in instances where only one (1) Welfare Officer is appointed. This recognises the additional work that a Welfare Officer will be required to do if there is only one (1) Welfare Officer as opposed to two (2).



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Notice of Core Property

Pursuant to Section 41 J(2) of the Registered Clubs Act for the financial year ended 31 December 2013:

- (a) the following properties are core property of the Club:
 - (i) the land upon which the Club's licensed premises are located;
 - (ii) the land upon which the Club's car park is located.
- (b) the following properties are non-core property of the Club:
 - (i) Nil

Notes to Members

1. Section 41 J(2) of the Registered Clubs Act requires the annual 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.
2. 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.
3. 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.
4. 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; and
 - (c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.
5. These disposal provisions and what constitutes a disposal for the purposes of section 41 J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41 J 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 purposes of a telecommunication tower.



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Directors' Report

Your Directors have pleasure in presenting to members their report on Canley Heights RSL & Sporting Club (the Club) covering year ended 31st December 2013.

OPERATIONS

The principal activity of the Club is the conduct and promotion of a licensed club for members of the Club, and that the income of the Club is directed towards the improvement and maintenance of the Club's facilities and the promotion of the social welfare of members including sub-clubs.

There were no significant changes to this activity during the financial year.

RESULT OF OPERATIONS

The net profit of the economic entity for the year after income tax expense was \$1,049,462.

Net Profit 2012: \$435,464.

The short-term objectives of the Club are to strive to achieve excellence in serving our Community by providing exceptional customer service and facilities. There are strategic plans implemented to produce set budgets on capital purchases to ensure that our Club's activities are current and up-to-date to meet competition surrounding us.

The long-term objectives of the Club are to support the Canley Heights RSL Sub-Branch and maintain the Anzac tradition, support our Sub-Clubs, Charities and Community Organizations and continually improve the Clubs facilities in order to remain relevant to our Community.

The Club's strategy for achieving these objectives is to remain financially viable by adopting prudent financial management and best practice corporate standards.

The Club measures its financial performance by benchmarking its key performance indicators (KPI's) against those of other similar clubs. The KPI's include but are not limited to:

- EBITD (Earnings Before Interest, Tax and Depreciation) to Revenue
- Wages to Revenue
- Gross Profit
- Entertainment Costs

DIRECTORS

Facchetti, Ennio	President	Director 14 years
Johnson, Neil	Vice President	Director 5 years
Collett, George	Treasurer	Director 18 years
Simmons, Christine	Director	Director 3 years
Todd, Kevin	Director	Director 5 years
Dawson, Kathryn	Director	Director 14 years
Tedesco, Frank	Director	Director 11 years
Rob Neesam	Director	Director 3 years



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Attendance At Meetings

During the financial year the Board held 12 meetings. The following attendance records are reported.

	Meetings Called	Meetings Attended	
E. Facchetti	12	12	
N. Johnson	12	12	
G. Collett	12	12	
C. Simmons	12	11	
K. Todd	12	11	
K. Dawson	12	11	
F. Tedesco	12	11	
R. Neesam	8	6	(Appointed: 18/05/2013)
I. Davidson	4	4	(Resigned: 18/05/2013)

INSURANCE OF OFFICERS

During the year Canley Heights RSL & Sporting Club Limited paid a premium to insure certain officers of the Company. The liabilities insured include costs and expenses that may be incurred defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company. The premium paid was \$2,556.28.

Signed in accordance with a Resolution of the Directors.

E. Facchetti
President

G. Collett
Treasurer

11th March 2014



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Directors' Declaration

WITH RESPECT TO THE ACCOUNTS OF CANLEY HEIGHTS RSL & SPORTING CLUB FOR THE FINANCIAL YEAR ENDED AND AS AT DECEMBER 31st, 2013.

In the opinion of the Directors:

- (a) The accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the result of the Company for the financial year; and
- (b) The accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- (d) The accounts of the Company have been made out in accordance with applicable accounting standards.

Signed in accordance with a Resolution of the Directors

E. Facchetti
President

G. Collett
Treasurer

11th March 2014

Auditors Independence Declaration

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Canley Heights RSL & Sporting Club Limited.

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

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

Name of Firm: D. M. Walsh & Co.

Name of Principal: Anthony M. Frawley

Address: Suite 6, 1st Floor, 100 Pacific H'way, WAITARA, NSW, 2077

17th March 2014



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

BALANCE SHEET

AS AT 31ST DECEMBER 2013

	2013	2012
CURRENT ASSETS	\$	\$
Cash Assets	857,049	802,852
Receivables	19,889	48,789
Inventories	134,764	136,886
Prepayments	39,716	118,762
TOTAL CURRENT ASSETS	1,051,418	1,107,289
NON-CURRENT ASSETS		
Property, plant & equipment	13,200,683	13,187,377
Deferred tax assets	-	35,270
Other assets	47,195	123,576
TOTAL NON-CURRENT ASSETS	13,247,878	13,346,223
TOTAL ASSETS	14,299,296	14,453,512
CURRENT LIABILITIES		
Creditors & Borrowings	1,770,686	3,441,626
Provisions	696,723	284,051
TOTAL CURRENT LIABILITIES	2,467,409	3,725,677
NON-CURRENT LIABILITIES		
Creditors & Borrowings	986,561	522,690
Deferred tax liabilities	64,643	-
Provisions	-	374,012
TOTAL NON-CURRENT LIABILITIES	1,051,204	896,702
TOTAL LIABILITIES	3,518,613	4,622,379
NET ASSETS	10,780,683	9,831,133
EQUITY		
Retained earnings	10,780,683	9,831,133
TOTAL EQUITY	10,780,683	9,831,133



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	\$	\$
Revenue from ordinary activities	13,369,188	12,134,080
Expenses from ordinary activities		
Cost of sales and direct expenses:		
Bar	603,246	562,154
Bistro	623,110	553,031
Gaming activities	3,631,202	3,420,357
Entertainment and TV sport	94,394	95,561
Sporting group allocations	100,109	94,383
Depreciation & amortisation expenses	706,649	659,294
Employment expenses	3,550,621	3,344,707
Borrowing costs	6,836	16,716
Other expenses from ordinary activities	3,003,558	2,952,412
	12,319,725	11,698,615
(Loss)/ Profit from ordinary activities after		
income tax	1,049,463	435,465



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	\$	\$
Retained Earnings at 1 January 2012	9,831,133	9,250,406
Operating (loss)/ profit after current year income tax	1,049,463	435,464
	<u>10,880,596</u>	<u>9,685,870</u>
Add/(Less): Provision for Deferred tax	(99,913)	145,263
	<u>10,780,683</u>	<u>9,831,133</u>



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

Note 1: Statement of Significant Accounting Policies

The financial statements are a general purpose financial report and have been prepared in accordance with Accounting Standards; Urgent issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and based on historical cost, modified, where applicable, by measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Inventories:

Inventories are valued at the lower of the cost or net realisable value.

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.

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 cost of fixed assets constructed within the economic entity includes the cost of material, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the item will flow to the economic entity and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets, but excluding freehold land and Gaming machines, is depreciated on straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.50%
Plant and Equipment	5-33.33%
Gaming room equipment	10-33.33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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



Canley Heights RSL & Sporting Club Limited

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Leases and Hire Purchases

Leases of fixed assets, where substantially all the risk and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease assets are depreciated on straight line basis over their estimated useful lives, where it is likely that the economic entity 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 period.

Lease payments for operating leases. Where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that the higher of the asset's fair value less cost 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 income statement.

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

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

As a result of uncertainties regarding the valuation of various items of Plant, it is anticipated that impairment might arise in future accounting periods.

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. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Income Tax

The charge of current income tax expenses is based on the profit for the year adjusted 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 balance sheet date.

Deferred tax is calculated for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that future is based on the assumption that no adverse change will occur in come taxation legislation and the anticipation that the economic entity will derive future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.



Canley Heights RSL & Sporting Club Limited

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Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expenses. Receivable and payables in the statement of financial position are shown inclusive of GST.

Employee Benefits

Provision is made for the company's liability for employee benefit arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Provisions

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

Comparative Figures

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

Critical Accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Going Concern

The financial report has been prepared on a going concern basis, as the directors believe that this is appropriate. The directors believe that the company has sufficient funds to pay its' current liabilities and that the company does not have any going concern issues as at 31st December 2013.



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
Note 2: Revenue	\$	\$
Sale of Goods	2,682,210	2,451,352
Services Revenue	10,478,774	9,467,607
Members subscription	38,120	39,015
Interest Received	9,622	15,349
Other Income	160,462	160,757
	<u>13,369,188</u>	<u>12,134,080</u>

Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
Note 3: Profit from Ordinary Activities	\$	\$
Profit from ordinary activities before income tax		
Expense has been determined after:		
(a) Expenses		
Cost of sales	1,226,356	1,115,185
Borrowing costs- unrelated entities		
Bank Bills- fees	6,836	16,716
Total borrowing cost	<u>6,836</u>	<u>16,716</u>
Depreciation of property, plant & equipment		
Buildings	289,684	297,216
Furniture, Plant & equipment	416,785	362,607
Total depreciation	<u>706,469</u>	<u>659,823</u>
Remuneration of auditor		
Audit – 2012	17,550	17,100
	<u>17,550</u>	<u>17,100</u>
Rental expenses		
Minimum payments	35,159	47,228
Total rental expenses	<u>35,159</u>	<u>47,228</u>
(b) (Loss)/Profit on disposal of plant & equipment	-	(24,370)
	-	<u>(24,370)</u>



Canley Heights RSL & Sporting Club Limited

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	2013	2012
Note 4: Cash Assets	\$	\$
	<u>857,049</u>	<u>802,852</u>
Note 5: Inventories		
Crockery/Linen/Uniforms	19,605	17,267
Club Merchandise Stock/ Prize on Hand	31,496	34,455
Bar Stock	64,843	69,922
Bistro Stock	15,855	11,334
Showcase Stock	2,965	3,908
	<u>134,764</u>	<u>136,886</u>

Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	\$	\$
Note 6: Property Plant & Equipment		
Land & Buildings	11,799,307	11,773,807
Less: Accumulated Depreciation	(3,043,893)	(2,754,029)
	<u>8,755,414</u>	<u>9,019,778</u>
Furniture, Plant & Equipment at cost & fair value	5,944,042	5,510,768
Less: Accumulated Depreciation	(4,784,442)	(4,441,465)
	<u>1,159,600</u>	<u>1,069,303</u>
Poker Machines at fair value	4,494,886	4,233,706
Less: Accumulated Depreciation	(1,209,218)	(1,135,410)
	<u>3,285,668</u>	<u>3,098,296</u>
Total		
Property, Plant & Equipment at cost & fair value	22,238,235	21,518,281
Less: Accumulated Depreciation	(9,037,553)	(8,330,904)
	<u>13,200,682</u>	<u>13,187,377</u>



Canley Heights RSL & Sporting Club Limited

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Note 6: Property, plant and Equipment (cont'd)

Movements in Carrying Amounts

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

	Land & Buildings	Poker Machines, Furniture, Plant & Equipment	Total
Balance at the beginning of the year 2012	9,255,221	3,694,827	12,950,048
Additions	61,773	896,215	957,988
Disposals	-	(61,365)	(61,365)
Transfers between asset classes/adjustments	-	-	-
Depreciation	(297,216)	(362,078)	(659,294)
Carrying amount at the end of the year 2012	9,019,778	4,167,599	13,187,377
Additions	25,500	694,454	719,954
Disposals	-	-	-
Transfer between asset classes/adjustments	-	-	-
Depreciation	(289,864)	(416,785)	(706,649)
Carry amount at the end of the year 2013	8,755,414	4,445,268	13,200,682

An independent valuation of freehold land and buildings, and plant and equipment was undertaken on 24th January 2012.

The basis of the valuation is fair value in accordance with Australian Accounting Standard AASB 116

The total valuation amount is:

- Land & Building	\$ 6,700,000
- Plant & Equipment	\$ 6,713,165
	<u>\$13,413,165</u>

Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
	\$	\$
Note 7: Other Assets		
Non-current		
Finance Charges	52,057	122,826
Unlisted share investment at cost	750	750
Showcase clearings	(5,612)	-
	<u>47,195</u>	<u>123,576</u>
Note 8: Creditors & Borrowings		
Current		
Trade Creditors & Accruals	836,515	950,689
Other Creditors	139,199	302,583
Sundry Creditors	(148)	11,400
Subscriptions in Advance	46,725	36,784
Sub-branch Loan(Unsecured)	150,000	150,000
Bank Bills – Current(Secured)	-	875,000
Bank Loan – (Secured)	240,000	200,000
Hire Purchase – Liability	358,395	915,170
	<u>1,770,686</u>	<u>3,441,626</u>
Non-current		
Hire Purchases – Liability	184,561	522,690
Bank Loan – (Secured)	802,000	-
	<u>986,561</u>	<u>522,690</u>



Canley Heights RSL & Sporting Club Limited

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	2013	2012
Note 9: Provision	\$	\$
Current	-	-
Employee Entitlements	-	-
Annual Leave	374,958	367,944
Long Service Leave	321,765	290,119
	<u>696,723</u>	<u>658,063</u>
Note 9(a)- Provision for employee entitlements		
Aggregate employee entitlement liability	<u>696,723</u>	<u>658,063</u>

The provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

Number of employee at the year end (full time equivalent)	No.	No.
Permanent	37	28
Casual	40	32
Total	77	60

Canley Heights RSL & Sporting Club Limited

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	2013	2012
Note 10: Remuneration and Retirement Benefits	\$	\$

a) Directors' Remuneration

A number of directors are paid an honorarium in accordance with the amount approved at the Annual General Meeting.

Income Band	No. of directors		
\$0-\$10,000	8	\$16,000	\$17,925

(b) Key Management Personnel

Mr M Baxter	CEO
Mr G Wong	CFO
Mr A Mazurkiewicz	Gaming Manager
Mr M Gavinel	HR/Food & Beverage Manager
Mrs M Baxter	Marketing Manager

(c) Key Management Personnel Compensation

Benefits and payments to the Key Management

Personnel named above	\$687,636	\$623,604
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Note 11: Auditors Remuneration

Remuneration of the auditor for: Audit 2013	17,550	17,100
	<u>17,550</u>	<u>17,100</u>

Note 12: Financing Facilities

The financial bill facilities are secured by a registered first mortgage over 26 Humphries Road, Wakeley NSW 2176 and a registered mortgage debenture over the whole of the assets and undertaking of the company.



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013	2012
Note 13: Deferred Tax Reconciliation	\$	\$
(a) Liabilities		
Current-		
Income Tax	-	-
Non-Current		
Deferred Tax Liability:		
Tax liabilities relating to property, plant & equipment	129,566	44,805
Tax asset relating to current year taxable income	(14,143)	(28,995)
Tax assets relating to provisions and accruals	(50,780)	(51,080)
	<u>64,643</u>	<u>(35,270)</u>
(b) Reconciliation		
The overall movement in the deferred tax account is as follows:		
Opening balance	(35,270)	109,993
Charge/(credit) to Equity statement	99,913	(145,263)
	<u>64,643</u>	<u>(35,270)</u>



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

Note 14: Financial Instruments

The Club's financial instruments consist mainly of deposits with banks, bank bills, accounts receivable and accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for club operations.

The Club does not have any derivative instruments as at 31st December 2013.

(a) Net Fair Value

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to and forming part of the financial statements.

The carrying amounts are equivalent to fair value.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position and Notes to and forming part of the Financial statements.

(c) Interest Rate Risk

All financial assets and liabilities are non-interest bearing with the exception of cash at bank and bank bills.

The weighted average rate for cash during the year was 2.35% (2012: 3.00%)

The weighted average rate for bank bills during the year was 6.86% (2012: 7.43%)

The Club's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

Note 14: Financial Instruments (Cont'd)

Fixed Interest Maturing

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within one year		1 to 5 Years		Non-interest Bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	2.35	3.00	857,049	802,852	-	-	-	-	-	-	857,049	802,852
Receivables	-	-	-	-	-	-	-	-	3,400	48,789	3,400	48,789
Investments	-	-	-	-	-	-	-	-	-	-	-	-
			857,049	802,852	-	-	-	-	3,400	48,789	860,449	851,641
Financial Liabilities:												
Bank bills secured	6.86	7.43	-	-	-	-	-	875,000	-	-	-	875,000
National Australia Banking Credit Cards	15.75	15.75	-	-	5,616	115,422	-	-	-	-	5,616	115,422
NAB Loan	6.86	7.08	-	-	240,000	-	802,000	200,000	-	-	1,042,000	200,000
Trade and other payables	-	-	-	-	-	-	-	-	830,899	991,866	830,899	991,866
HP Liabilities	6.84	7.17	-	-	358,395	-	184,561	1,437,860	-	-	542,956	1,437,860
Other Borrowings	-	-	-	-	-	-	185,776	194,168	-	-	185,776	194,168
Unsecured Loan	5.00	5.00	-	-	-	-	150,000	150,000	-	-	150,000	150,000
			-	-	604,011	115,422	1,322,337	2,857,028	830,899	991,866	2,757,247	3,964,316

The accompanying notes form part of the Financial Statements



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

Note 15: Related Party Transactions

There were no related party transactions in 2013.

Note 16: Events subsequent to reporting date

There is no event subsequent to the reporting date.

Note 17: Contingent Liabilities and Contingent Assets

The club is incorporated as a company limited by guarantee. In accordance with the Memorandum of Articles every member undertakes to contribute an amount equal to \$2.00 per member in the event of winding up.

Note 18: Guarantee

The National Australia Bank has given an undertaking of \$5,000 to the TAB on behalf of the Club.

Note 19: Sporting Club Bank balances

The combined bank balances of the various sporting clubs were \$31,592.54 as at 31st December 2013. These accounts are not shown elsewhere in the Financial Statements. The balance would be due and payable to the Club if it was wound up.

Note 20: Company Details

The registered office of the company is:

Canley Heights RSL & Sporting Club Limited

26 Humphries Road

Wakeley NSW 2176

Note 21: Financial Reporting by Segments

Canley Heights RSL & Sporting Club Limited operates predominantly in one industry conducting the business of a licensed club registered under the Registered Clubs Act 1976 (as amended). The Club operates in one geographical area, being Wakeley NSW.



Canley Heights RSL & Sporting Club Limited

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts from customers		13,359,566	12,103,383
Payments to suppliers and employees		(11,525,610)	(10,654,153)
Interest received		9,622	15,349
Interest paid		(79,048)	(114,702)
Borrowing costs(bill fees)		(6,836)	(16,716)
Net cash provided by (used in) operating activities	2	<u>1,757,694</u>	<u>1,333,161</u>
Cash Flows from Investing Activities			
Sale of property, plant & equipment		-	36,600
Payment for property, plant & equipment		(785,856)	(941,543)
Net cash provided by (used in) investing activities		<u>(785,856)</u>	<u>(904,943)</u>
Cash Flows from Financing Activities			
Addition/(Reduction) in bank bills and Loan		(1,075,000)	(500,000)
Addition/(Reduction) in bank loans		1,042,000	-
Addition/(Reduction) in HP liability		(437,023)	797,005
Addition/(Reduction) in HP liability - TITO		(447,618)	(660,617)
Net cash provided by (used in) financing activities		<u>(917,641)</u>	<u>(363,612)</u>
Net increase (decrease) in cash held		<u>54,197</u>	<u>64,606</u>
Cash at the beginning of financial year		802,852	738,246
Cash at the end of reporting period	4	<u>857,049</u>	<u>802,852</u>
(Cashflow Note 1)			



Canley Heights RSL & Sporting Club Limited

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Notes to the Statement of Cash Flows

Note 1: Reconciliation of Cash

Cash in all statements of Cash flow includes cash on hand, in bank and Investment in money markets and is net of any bank overdrafts.

Cash at the end of the reporting period as outlined in the Statement of Cash Flows is reconciled to the respective items in the statement, if financial position is as follows:

Cash on hand	286,020	225,100
Cash at bank	571,029	577,752
	857,049	802,852

Note 2: Reconciliation of Net Cash Provided by Operating Activities

Operating Profit / (Loss)	1,049,462	434,935
Depreciation & amortisation	706,649	659,823
(Gain)/Loss on Sale of Assets	-	24,370
Increase/ (Decrease) in Accounts payable/ Accruals	(131,336)	147,176
Increase/ (Decrease) in Subscriptions in advance	9,941	(940)
Increase/ (Decrease) in Provisions and Deferred tax	99,913	69,997
Increase/ (Decrease) in Borrowings	(163,384)	(56,442)
(Increase)/ Decrease in Prepaid expenses	79,046	21,628
(Increase)/ Decrease in Debtors	28,900	1,451
(Increase)/ Decrease in Inventory	2,122	1,672
(Increase)/ Decrease in Finance charges	76,381	29,491
Net Cash provided by Operating Activities	1,757,694	1,333,161



Canley Heights RSL & Sporting Club Limited

(A Company Limited by Guarantee ABN 44 001 783 124)

INDEPENDENT AUDITORS REPORT

A.B.N. 44 001 783 124

TO THE MEMBERS OF CANLEY HEIGHTS RSL & SPORTING CLUB LTD

We have audited the accompanying Financial Report of Canley Heights RSL & Sporting Club Limited, which comprises statement of financial position as at 31st December 2013 statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the and the Director's declaration.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with the Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair representation of the financial statements 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 evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluation the overall presentation of the financial statements.

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.

Audit Opinion

In our opinion, the financial report is in accordance with the Corporations Act 2001 including:

- (a) Giving a true and fair view of Canley Heights RSL & Sporting Club Limited's financial position as at 31st December 2013 and of their performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001.

A. M. Frawley

D.M. Walsh & Co.

Chartered Accountant

Dated: 17th March 2014

Board of Directors 2013



Ennio Facchetti
PRESIDENT



Neil Johnson
VICE-PRESIDENT



George Collett
TREASURER



Kathryn Dawson
DIRECTOR



Frank Tedesco
DIRECTOR



Kevin Todd
DIRECTOR



Christine Simmons
DIRECTOR



Robert Neesam
DIRECTOR



Canley Heights RSL & Sporting Club Limited

26 Humphries Road, Wakeley NSW 2176

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