



**Canley Heights RSL
& Sporting Club**

Annual Report 2016

Year ending 31st December 2016

Board of Directors 2016



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

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

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President's Report



Fellow Members

This is my 6th report as Club President and I am happy to report a profit of \$607,320 which, though down on last year which is disappointing, it is still a healthy profit. I will let the experts explain the finer details but during the past 12 months several clubs of our size have sought amalgamation or gone out of business, we have increased our assets and carried out improvements to the club so it's not all doom and gloom.

Let's now start with all the good things that have happened over the last 12 months. I would like to thank Mr Mark Baxter the Club C.E.O and his executive management team Gilbert, Andrew, Mark and Michelle along with the Managers, Supervisors and my fellow Board of Directors George, Neil, Frank, Kath, Robert, Christine and Kevin. To the staff THANK YOU.

Members, for the 6th year I THANK YOU for your continuing support and like I say every year, without you there is no Canley Heights RSL & Sporting Club.

Our Catering and Promotions for the past 12 months have gone to a new level which has other Clubs now copying. Well done to everyone involved.

The past 12 months have seen a continuing improvement to the club facilities with a new car park providing extra parking, new stools for the Gaming Lounge and TAB Bar and new seating for the Pizzeria and Main Bar. We also undertook the important upgrade of the Cenotaph.

I would like to welcome back our sporting groups and wish them all the very best for the next 12 months. Like I have said before these are important partnerships. To Taffy and the Sub-Branch Committee, Mark and Staff and the Board of Directors congratulations on organizing an ANZAC Day that is the envy of the district.

Again I repeat myself, but to the best staff a President could ask for THANK YOU for your continued support of Management and the Board of Directors in making sure that our members feel welcome and comfortable.

I would like to say a big thank you to George Collett for all of his support, knowledge and friendship. George has decided to call time as Club Treasurer. George started on the Board in 1996 and has been Club Treasurer since 1999 and in that time he has always put the Members and the Club first. He has been a loyal, honest and trusted Board member who knew the importance of being a Director. Although I will miss George at our meetings I am sure that his lovely wife Peggy will be looking forward to seeing more of him. All the very best for the future, George.

At the time of writing this report the Election has not taken place so I would like to thank everyone who has supported and trusted me with the Club over the past 6 years.

Like I have said many times before the Club is heading in the right direction.

All the very best

Ennio Facchetti

President

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Treasurer's Report



Hello Members & Friends

This will be my last report to you as I am retiring from the Board after twenty two (22) years as a Director and Treasurer.

During this time, apart from the friendships formed with our Members and Directors I have really enjoyed watching our Club go forward and reaching different milestones along the way.

At the moment I am enjoying the progress in the sealing of the car park, watching through the window in the TAB knowing that every dollar I have spent (grudgingly sometimes) has contributed in some small way to the improvements now taking place in my Club.

Some may say, disparagingly maybe, that we couldn't improve on last year. Last year (2015) was a record year with the middle four months really kicking our results along.

This year all departments have taken a part in profit generation. In 2015 we introduced to members a promotion of "Tiered Loyalty" which proved a great hit with our poker machine playing members.

This year as always we have contributed to the Community Development Levy (Clubs Grant Program) creating Category 'A' funding of \$109,161 and Category 'B' funding of \$122,500.

Our Staff – no business can exist without stable and capable staff and we are lucky to have trained and efficient staff on hand.

As usual our results and the smooth running of our Club demand capable Managers and we are fortunate to have that in our Chief Executive Officer Mark Baxter and his executive team along with my fellow Directors who are always available for consultation

Thankyou to our Members and Thankyou for the trust shown in me over the last 22 years.

George Collett

Hon. Treasurer



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CEO's Report



It's been a very productive year for the Club with numerous improvements occurring through 2016. Most of those improvements have been listed in other reports, and you may have noticed them as they were installed. However what you might not be aware of, is that behind the scenes Management has been busy upgrading I.T. The Club has purchased a new rostering and wagering system that is linked to our new accounting software. On top of this we have converted all analogue monitors over to digital, which will allow us to preset and program various TVs and monitors that are linked back to one easy to use iPad.

Whilst this year's profit is half of the previous year's, it has still been a solid year. We have submitted another Building Development Application with Fairfield Council to further improve traffic flow throughout the Club. Some of the exciting plans include outdoor dining and gaming, along with a kids play area, so hopefully by this time next year we have turned our profits into further improvements in Members facilities.

Due to the Car Park extensions the Board and Management have had to tweak and adjust various promotions, in particular the Badge Draw, the Buy one Get one free Mondays and the Wednesday afternoon Poker Tournaments. All have been successful and well received, but due to limited parking we have had to make the necessary changes.

The Vegas shows are still great value at \$15 for the Entertainment and a 2-course lunch, they continue to draw good numbers every month. You need to book early to avoid disappointment.

After 21 years of great service, hard work, and a smile on his face most of the time event through the hard times, and there have been a few of those, George Collett is retiring as the Club's longest standing Treasurer and Board Member commencing his first term in the mid nineties. George has put in endless hours and was duly rewarded with Life Membership in 2006. I will miss his wit, knowledge and humour. But our friendship will stand for all time.

Also departing after 15 years of great service is our Administration Manager Kathy Hampsey. Kath commenced employment with us as a casual employee and within a short time showed great work ethic, enthusiasm and desire to learn more. It wasn't long before she was training up as a Duty Manager and setting a high standard for others to follow. Kath's ability to absorb information and having a keen eye for problem solving meant she excelled in her role as Administration Manager. Kath along with George will be sorely missed by all. I wish them both well for the future and hopefully they drop in from time to time for a coffee or a coldie.

As has been the case in recent times the Club's success is due largely to the efforts of President Ennio Facchetti and his Board of Directors as well as the input I receive from the Management and Staff. Although we have grown considerably over the last 20 years it is my opinion that we have maintained our identity, and our vision would not be possible without the support of yourselves, our members. We look forward to your ongoing loyalty in 2017.

Regards

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

Mark Baxter

CEO

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Financial Controller's Report

Dear members,

I am pleased to provide this CFO's Report including an overview of the Club's 2016 financial results.

Our Club's profit for the year ended 31 December 2016 was \$607,320.00, a decrease of \$681,539.00 from the 2015 profit. Total revenue derived in 2016 was \$15,675,339.00, a decrease of \$806,533 compared to the prior year. Poker Machine Gaming saw the biggest drop in revenues, totaling \$619,458.

Unfortunately, this year's profit did not make it a 4th consecutive record on the Club's profit but nevertheless we finished the year with a positive outcome. Direct expenses and cost of sales saw both increases and decreases in the year. Gaming activities which include Poker Machine Gaming taxes and Bar Cost of sales dropped by 3.90% (\$139,227) and 5.36% (\$35,339). Bistro Cost of sales increased by 12.04% while Administration expenses saw a 2.88% decline during the year.

With the drop in Poker Machine gaming revenue, we also saw a drop in Poker Machine Gaming taxes (\$160,697 or 5.57%) during the year as a result of that. In the 2016 year, we saw a slight shift and trend in the Gaming activities which triggered a need to have additional implementations to provide better service and gaming experience for our members. With these implementations, we saw increases in wages and promotional expenses. Club Grants saw our Club providing an amount of \$231,661.00 in the 2015/2016 reporting year. We provided \$109,161.00 to various charitable organisations (Category A) in the Fairfield Council and surrounding areas and in Category B, we gave grants amounting to \$122,500.00 to our in-house sporting groups. Regardless of the additional costs incurred, we also managed to reduce other outgoings. In my opinion, the executed plans were implemented and done to avoid further declining numbers which was evidently seen over a period of time.

Despite a drop in our Gaming revenues for 2016, we managed to maintain our rankings as reported at a respectable level which proved that despite the drop in profit per machine and at state level, we stood high among the top performing Clubs in NSW.

With regards to Marketing and Promotions, we have provided in excess of \$1.55 Million (2015 \$1.59 Million) to our members of which \$423,000 was in Bar and Bistro promotions. These promotion expenses are enjoyed by our members through a wide variety of different promotions during the year, which include Tiered Loyalty Rewards, Badge Draws, various raffle and game prizes, discounted beverages and the buy 2 for 1 meals and the many other promotional activities held at the Club.

In 2016, there were capital additions of \$1,789,348.00 compared to \$778,845.00 in 2015. As a result of the increase in capital expenditures, we undertook a hire purchase agreement on the poker machine gaming purchases and also initiated a Line of Credit Facility with our bank to fund the construction of the new car park which is due to be completed in April 2017. It has been noted that the Car park construction will exceed its contract value due to some additional works performed during the course of constructing the Car park in 2017.

As a result of the increased capital expenditures and new loan and HP facilities taken up during the year, our cash flow did not see any increase but rather saw a decrease of \$332 during the 2016 year, giving our Club a Cash on Hand Balance at year-end of \$2,007,176.00, compared to \$2,007,508.00 from 2015. Bank Loans decreased by \$240,000. In my opinion, the Club's Cash flow is still at an acceptable and reasonable level.

Net Assets increased by \$834,228 during the financial year which resulted the equity increasing by \$834,228 to \$13,911,262 as compared to \$13,057,744 from the previous year. As a measure of financial performance, the return on equity is 3.87% (2015: 9.87%).

In the 2016/2017 year, our Club oversaw the following implementations and will execute the following :-

- Hiring of additional Customer Liaison Officers (CLO) to provide members a better Club environment and experience.
- New Gaming and Membership system.
- New Carpets across the Club venue.
- New Finance system (expected Full operation April/May 2017).
- New Human Resource system (to be ready in 2017).
- New Car Park (to be ready in April 2017).
- New Gaming and Outdoor Dining Area (DA pending approval by Fairfield Council)



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On my report this year, I would like to take this opportunity to express my heartfelt best wishes and thank you to our Treasurer Mr George Collett. George has been a fantastic Treasurer and has given me so much assistance and support over the years since I began my career at the Club. I wish George all the best and may our friendship continue for many years. To our Finance Manager, Ivy Dinh and Accountant, Jocelyn Cheuk, thank you for your efforts and support during the year. I believe our Finance Department will strengthen moving forward. To the TEAM at CHRSL, comprising of our dedicated staff, Management Team, Board of Directors and our CEO, thank you for the support and assistance in 2016.

Lastly, to our loyal and valued Members, thank you for your support and patronage and we hope to see you again at our venue this year.

Yours faithfully,

Gilbert Wong CPA, CA(M), B BUS (ACCOUNTING), AD DIP (HOSPITALITY)

Financial Controller



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Annual General Meeting - Sunday 15th May 2016

47 Members in attendance

Main Table: Ennio Facchetti #160 (President)
George Collett #25 (Treasurer)
Mark Baxter (CEO)
Gilbert Wong (Financial Controller)
Bruce Gotterson (Pigott Stinson)

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

E. Facchetti #160 welcomed all and introduced the Main Table and reminded all of the house rules – switching off of mobile phones during the meeting etc;

E. Facchetti acknowledged the Directors in the room and Sub-Branch President: R. Pritchard (OAM) #3

Apologies: Anthony Frawley – (Club Auditor – DM Walsh & Co)
A. Kiernan #1
G. Dawson # 361
T. Bray #1091
V. Press #2254
P. Press #6205
B. Hicks #8563

Confirmation and Acceptance of the 2015 Annual General Meeting Minutes.

Moved: K. Dawson #362 **Seconded:** F. Tedesco #129 **Carried**

Club Update

E. Facchetti #160 advised the Members of the various upgrades to amenities that have taken place including; Bathroom sinks and cubicles, furniture in Escape, carpet throughout etc; We are waiting on approval from Council for a development application lodged for more car parking spots, also hoping to have a master plan approved and work started at the end of the year in the Bistro and Admin offices. Speak to a local member of parliament if you see them. It was a great year last year – over \$1 million for the 4th year in a row.

Confirmation and Acceptance of the 2015 Annual Report

Moved: R. Press #98 **Seconded:** N. Johnson #54 **Carried**

Club Solicitor Bruce Gotterson to explain to the Members about the Resolutions & Special 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 2015 (including Resolutions 1- 7) & (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**
Vote taken and accepted. **Carried**
- **Resolution 2 – Directors' Honorariums**
Vote taken and accepted. **Carried**
- **Resolution 3 – Sub-Clubs, Sporting Groups, Charitable Organizations & Other Intra-Club Bodies**
Vote taken and accepted. **Carried**
- **Resolution 4 – Members Service Badges**
Vote taken and accepted. **Carried**



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- **Resolution 5 – Life Members – Complimentary Beverage**
Vote taken and accepted. **Carried**
- **Resolution 6 – Life Members – Designated Car Spaces**
Vote taken and accepted. **Carried**
- **Resolution 7 – Welfare Officers**
Vote taken and accepted. **Carried**

Special Resolutions

First Special Resolution

Amendments to the Constitution including:

- Deleting Rule 24 and replacing it with new Rule 24
- Deleting Rule 36 (a) and replacing it with new Rule 36 (a)
- Amending Rule 43 (a) (vi)
- Amending Rule 49 (d)
- Deleting Rule 49 (f) as it already appears in Rule 51
- Deleting Rule 81 and replacing it with a new Rule 81

Notes to Members on First Special Resolution

1. The First Special Resolution proposes a series of amendments to the Constitution to bring the Constitution into line with best practice and the requirements of the *Corporations Act*, *Liquor Act*, *Registered Clubs Act* and their associated regulations.
2. **Paragraph (a)** simply clarifies that the minimum 12 month period of membership before being able to vote only applies to Ordinary members and not to Service members.
3. **Paragraph (b)** amends the Constitution to remove the requirement for the Club to notify new members of their election to membership of the Club. Under the current practice a person applying for membership is given a membership card and number and the Club does not advise new members that they have been elected to membership. Obviously the Club notifies persons whose membership application is refused.
4. **Paragraph (c)** clarifies that the Board does not have to give a person an opportunity to discuss what penalty should be imposed as a result of a disciplinary hearing if the person does not attend the disciplinary hearing
5. **Paragraphs (d) and (e)** correct some minor matters in the Constitution.
6. **Paragraph (f)** amends the existing provisions relating to Accounts and Reporting to Members to bring the Constitution into line with the *Corporations Act*.

A vote was taken, and the First Special Resolution was accepted.

Carried

Second Special Resolution

- Deleting Rule 46 and replacing it with a new Rule 46



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Notes to Members on the Second Special Resolution

1. **The Second Special Resolution** proposes to remove the position of Treasurer from the Board of the Club and increase the number of Ordinary Board members from 5 to 6 so that instead of the Board consisting of a President, a Vice President, a Treasurer and 5 Ordinary Board members it would consist of a President, a Vice President, and 6 Ordinary Board members.
2. The change would take effect from the AGM to be held in 2017.
3. Although the Club has been very fortunate to have many good members including the current Treasurer carrying out the role of Treasurer for many years now in practical and every day terms the financial information about the Club is generated from the Club's extensive computer and accounting software and presented to the Board by management and if necessary reported on to the Board by the Club's accountant.

A vote was taken, and the Second Special Resolution was accepted.

Carried

This acceptance of this Special Resolution means that the quorum for a Board Meeting would be 4.

Club Solicitor Bruce Gotterson explained the law changes, in that from 2017 you can no longer have more than 9 Board members on a Board. E. Facchetti agrees that accepting this Special Resolution keeps us in step with what is happening in the industry.

E. Facchetti #160 spoke on George's efforts as a Board Member/Treasurer and thanked him for his service.

E. Facchetti #160 thanked Bruce Gotterson (Club Solicitor) for his attendance today and for explaining to the members the changes adopted.

E. Facchetti #160 called up Mr Sean Langshaw (CEO) of Disability South West – Mr Langshaw gave the members a brief outline of what Disability South West is about and mentioned the fundraising efforts of Director Frank Tedesco and the Club from the Breakfast with the Cars events. A presentation of appreciation took place.

E. Facchetti #160 thanked Mr Langshaw and Frank Tedesco for his efforts and all of the hard work he puts in.

General Business

R. Pritchard (OAM) #3 wanted to acknowledge the Board of Directors, along with Mark Baxter, Michelle Baxter and Chris Short for their support of Anzac Day. Along with the Sub-Branch members who attended 14 meetings in the lead up to Anzac Day, visited 5 schools as well as nursing homes. It is a busy time of year, and the support is appreciated.

J. Dhu #9481 – Thankyou for the Board, Staff & Members for their support in the fundraising events here at the Club, with almost \$20,000 being raised for the Cancer Council. The Biggest Morning Tea raised \$5,000 and there is still money coming in.

Chairman E. Facchetti #160 thanked all for coming and advised all that attended should have received their tickets for the complimentary breakfast and drinks.

Meeting Closed: 10:00am



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Notice Of Annual General Meeting

**COMMENCES AT 9:30AM SHARP ON SUNDAY 21st MAY 2017 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, 15th May 2016.

Club Update

Annual Report

- 3) To receive and consider the Annual report to members for the year ended 31st December 2016 including:
 - Directors Report & Declaration
 - Auditors Report
 - Income Statement
 - Balance Sheet
 - Cash Flow Statement
 - Statement of Changes in Equity
 - Notes to the Accounts

Declaration of the results of the Ballot for the election of Directors

- 4) The Chairman will read out the results of the ballot for the election of the Board of Directors of the Club.

Directors Expenses, Honorariums, Sub-Clubs and Members Badges

- 5) 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:

- Directors be supplied with Club Directors Uniforms to be worn at Board Meetings and when representing the Club in an official capacity.*
- 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.*
- 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".*
- A reasonable amount be allocated for provision of food and refreshments to Directors after Board Meetings.*
- Attendance of Directors at functions, with spouses where appropriate, when required to represent the Club.*
- Directors be provided with reserved parking.*
- Directors be provided with reserved seating, free entry to various shows, concerts, seminars, etc;*
- 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:

<i>President</i>	<i>\$7,500.00</i>
<i>Vice President</i>	<i>\$5,000.00</i>
<i>Directors</i>	<i>\$3,000.00</i>

(b) The honorariums shall be paid in quarterly instalments in arrears."

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.

In previous years the quarterly instalment was only paid if the club recorded a profit for the previous quarter and therefore no quarterly instalment was paid if the Club recorded a loss in the previous quarter's accounts. This requirement of restricting the payment of the quarterly instalment to only when a profit was made for the previous quarter will no longer apply. Therefore each director will receive the quarterly instalment regardless of whether or not the Club recorded a profit for the previous quarter. Some members have called for the removal of the profit requirement at previous Annual General Meetings of the Club. It was put in place when the Club was under financial pressure and the Board wanted to demonstrate leadership on the issue of financial restraint.

The resolution this year will also change from last year as the position of Treasurer will no longer exist on the board from the 2017 Annual General Meeting which was approved by members at last years' Annual general Meeting.

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, twenty years continuous membership and each five (5) years' continuous membership of the Club thereafter."

Resolution 5: Life Members - Complimentary Beverage

"That, as and from 21 May 2017 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.

Resolution 6: Life Members - Designated Car Spaces

"That, as and from 21 May 2017 and in accordance with section 10(6A) of the Registered Clubs Act, the Club will set aside within the Club's car park a designated car space for each Life member of the Club except during any period when a Life Member is entitled to a designated space because he or she is also a Director of the Club or a member of the Sub-Branch committee."

Notes to Members in Relation to the Resolution

This resolution if it is approved by members will authorise the Board of the Club to set aside a designated car parking space within the Club's car park for each Life member of the Club. A Life member that is also a Director or a member of the Sub Branch committee (who are entitled to a car space) shall only be entitled to the one car park space.

The Board would like Life members to be assured of a car park space which is not too far from the Club's main entrance when they visit the Club.



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The members acknowledge that the benefits in Resolution 6 above are not available to members generally, but only for those who are Life members of the Club.

Resolution 7: Welfare Officers

"That members hereby approve the Welfare Officer(s) receiving an honorarium pursuant to section 53A of the Club's Constitution, being:

- (a) If one (1) Welfare Officer is appointed by the Board, a maximum of \$4,800.00; or*
- (b) If two (2) Welfare Officers are appointed by the Board a maximum of \$2,400.00 each."*

Special Resolutions – Proposed Amendments to the Constitution

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

General Business

- 7) 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

A handwritten signature in black ink, appearing to read 'M Baxter', written over a horizontal line.

Mark Baxter

Chief Executive Officer

14th March 2017



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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 26 April 2017 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 RESOLUTIONS FOR ANNUAL GENERAL MEETING

Members will be asked at the AGM to be held on Sunday 21st May 2017 to consider and if thought fit pass the Special Resolutions set out below:

PROCEDURAL MATTERS FOR SPECIAL RESOLUTIONS

1. To be passed, each 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 Resolutions should be read in conjunction with the notes to members which follow each 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 Resolutions (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 Resolutions to members.

FIRST SPECIAL RESOLUTION

[The First 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:

- (a) **deleting** Rule 19 and **replacing** it with, "Rule 19 Deleted":
- (b) **deleting** Rule 24 (which deals with the Rights of members) and replacing it with the following new Rule 24:

"24 (a) Life members, financial Service members and, in the case of Ordinary members, those Ordinary members who have been continuous members of the Club for at least 12 months are entitled to:

- (i) such social privileges and advantages of the Club as may be determined by the Board from time to time; and*
- (ii) attend and vote at general meetings (including Annual General Meetings) of the Club;*
- (iii) vote in the election of the Board;*



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- (iv) *vote on any Special Resolution (including a Special Resolution to amend this Constitution);*
 - (v) *propose, second, or nominate any eligible member for any office of the Club;*
 - (vi) *propose, second or nominate any eligible member for Life membership;*
 - (vii) *introduce guests to the Club.*
- (b) *Life members, financial Service members and Ordinary members who in each case have been continuous members of the Club for at least 3 years from the date of nomination or appointment are, subject to Rule 47, entitled to nominate for and be elected to hold office or be appointed on the Board;*
- (c) *Ordinary members who have been members of the Club for less than 12 months shall only be entitled to:*
- (i) *such social privileges and advantages of the Club as may be determined by the Board from time to time; and*
 - (ii) *vote in the election of the Board;*
 - (iii) *vote at any general meeting on any issue where the Registered Clubs Act or the Gaming Machines Act provides that Ordinary members (as defined in the Registered Clubs Act) are permitted to vote on the resolution;*
 - (iv) *introduce guests to the Club."*
- (c) **deleting** the words, "President, Vice President or Treasurer" from Rule 47 (a) and replacing them with the words, "President or Vice President" so that Rule 47 (a) would appear as follows:
- "Only Financial Service members, Financial Ordinary members and Life members who have been members of the Club for three (3) consecutive years at the close of nominations shall be entitled to take part in the management of the Club and to stand for or be elected or appointed to the Board of Directors of the Club provided that, as and from the Annual General Meeting in 2011 and for the purposes of the election held prior to that Annual General Meeting, in order to be eligible to nominate to either position of President or Vice President a member must have served for at least a full year as a Director of the Club."*

Notes to Members on First Special Resolution

1. **Paragraph (a)** deletes Rule 19 which is only of historical relevance applying when the current Constitution was adopted and can now be deleted.
2. **Paragraph (b)** simply sets out the rights of members in a clearer manner without making any change to those rights and also clarifies the rights of Ordinary members with less than 12 months membership. These members have no voting rights other than those provide by the Registered Clubs Act including such things as voting on any core property resolution or any amalgamation proposal.
3. **Paragraph (c)** simply deletes a reference to the Treasurer from Rule 47 (a) as the position of Treasurer will be removed from the Annual General Meeting in 2017.

SECOND SPECIAL RESOLUTION

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

That with effect from the Annual General Meeting of the Club to be held in 2017 the Constitution of Canley Heights RSL & Sporting Club limited be amended by deleting Rule 49 (d) which provides as follows

"If no nominations or insufficient nominations are received for the number required to be elected, the candidate or candidates, if any, nominated will be declared elected at the Biennial General Meeting and nominations may, with the consent of the nominee, be made orally at the meeting for the vacancies then remaining. If more than one (1) candidate is nominated for such vacancies, an election by ballot for such vacancies remaining will be held in accordance with procedures prescribed by the Board."

and **replacing** it with the following new Rule 49 (d)

"If no nominations or insufficient nominations are received for the number required to be elected, the candidate or candidates, if any, nominated will be declared elected at the Biennial General Meeting and the position or positions remaining vacant shall be deemed to be casual vacancies and filled by the Board in accordance with Rule 67."

Canley Heights RSL & Sporting Club Limited

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

Notes to Members on the Second Special Resolution

1. The **Second Special Resolution** will amend the current provision in rule 49 (d) where there are not enough nominations by the closing date additional nominations are called from the floor of the AGM to a situation where the vacancies can be filled by the Board of Directors as casual vacancies. In the unlikely situation that not enough nominations are received at any Biennial election of the Board this change will allow the Board time to consider and appoint appropriate members to the Board without the issue having to be decided at the AGM

By direction of the Board of Directors

A handwritten signature in black ink, appearing to read 'M Baxter', is positioned above a horizontal line.

Mark Baxter

Chief Executive Officer

14th March 2017



Canley Heights RSL & Sporting Club Limited

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Notice of Core Property

Pursuant to Section 41 J(2) of the Registered Clubs Act for the financial year ended 31 December 2016:

- (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 2016.

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: \$607,320

Net Profit 2015: \$1,288,859

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 17 years
Johnson, Neil	Vice President	Director 8 years
Collett, George	Treasurer	Director 21 years
Simmons, Christine	Director	Director 6 years
Todd, Kevin	Director	Director 8 years
Dawson, Kathryn	Director	Director 17 years
Tedesco, Frank	Director	Director 14 years
Neesam, Robert	Director	Director 6 years

AUDITOR INDEPENDENCE

Two directors received a declaration of independence from the auditors. The declaration is included within this annual report



Canley Heights RSL & Sporting Club Limited

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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	11
N. Johnson	12	11
G. Collett	12	11
K. Dawson	12	12
F. Tedesco	12	10
K. Todd	12	11
R. Neesam	12	12
C. Simmons	12	10

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 \$3,681.65.

Signed in accordance with a Resolution of the Directors.

Handwritten signature of E. Facchetti in black ink.

E. Facchetti
President

14th March 2017

Handwritten signature of G. Collett in black ink.

G. Collett
Treasurer

14th March 2017



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, 2016.

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

A handwritten signature in black ink, appearing to read 'E. Facchetti'.

E. Facchetti
President

14th March 2017

A handwritten signature in black ink, appearing to read 'G. Collett'.

G. Collett
Treasurer

14th March 2017



Canley Heights RSL & Sporting Club Limited

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

Auditors Independence Declaration

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF THE CANLEY HEIGHTS RSL & SPORTING CLUB LIMITED

I declare that to the best of my knowledge and belief, during the year ended 31st December, 2016, 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 4, 1st Floor 100 Pacific Highway, Waitara NSW 2077

A handwritten signature in black ink, appearing to read 'Anthony M. Frawley', is positioned above the date.

Dated 14th March, 2017

Canley Heights RSL & Sporting Club Limited

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

BALANCE SHEET AS AT 31ST DECEMBER 2016

	Note	2016	2015
CURRENT ASSETS		\$	\$
Cash Assets	4	2,007,176	2,007,508
Receivables		241,652	244,345
Inventories	5	149,912	145,411
Prepayments		45,600	48,135
TOTAL CURRENT ASSETS		2,444,340	2,445,399
NON-CURRENT ASSETS			
Property, plant & equipment	6	14,105,721	13,009,211
Intangible assets	7	283,390	283,390
Deferred tax assets	14	64,939	-
Other assets	8	31,043	(14,137)
TOTAL NON-CURRENT ASSETS		14,485,093	13,278,466
TOTAL ASSETS		16,929,433	15,723,865
CURRENT LIABILITIES			
Creditors & Borrowings	9	1,803,441	1,474,890
Provisions	10	730,782	678,998
TOTAL CURRENT LIABILITIES		2,534,223	2,153,888
NON-CURRENT LIABILITIES			
Creditors & Borrowings	9	483,949	330,975
Deferred tax liabilities	14	-	181,258
TOTAL NON-CURRENT LIABILITIES		483,949	512,233
TOTAL LIABILITIES		3,018,172	2,666,121
NET ASSETS		13,911,262	13,057,744
EQUITY			
Retained earnings		13,911,262	13,057,744
TOTAL EQUITY		13,911,262	13,057,744



Canley Heights RSL & Sporting Club Limited

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INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016	2015
		\$	\$
Revenue from ordinary activities	2	15,675,339	16,481,871
Expenses from ordinary activities			
Cost of sales and direct expenses:			
Bar		624,249	659,588
Bistro		943,261	841,872
Gaming activities		3,433,631	3,572,858
Entertainment and TV sport		97,635	134,243
Sporting group allocations		167,964	140,716
Depreciation & amortisation expenses		641,568	605,057
Employment expenses		4,517,658	4,424,437
Borrowing Costs		1,892	300
Other expenses from ordinary activities		4,640,161	4,813,941
		<u>15,068,019</u>	<u>15,193,012</u>
(Loss)/ Profit from ordinary activities after income tax		<u>607,320</u>	<u>1,288,859</u>



Canley Heights RSL & Sporting Club Limited

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	\$	\$
Retained Earnings at 1 January 2016	13,057,744	11,830,796
Operating (loss)/ profit after current year income tax	<u>607,320</u>	<u>1,288,859</u>
	13,665,064	13,119,656
Add/(Less): Provision for Deferred tax	<u>246,198</u>	<u>(61,912)</u>
	<u>13,911,262</u>	<u>13,057,744</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 2016

Note 1: Statement of Significant Accounting Policies

The financial statements are a general purpose financial report and have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

In preparing the financial report the company has taken the exemptions available to non-profit entity.

The Financial statements of the Canley Heights RSL & Sporting Club comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB)

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.

Canley Heights RSL & Sporting Club Limited

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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.

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 and Wages

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.

All Workers compensation and Insurance monies received are credited against wages paid for the period received.

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 2016.



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
Note 2: Revenue	\$	\$
Sale of Goods	3,160,813	3,328,688
Services Revenue	12,265,477	12,884,934
Members subscription	60,019	54,723
Interest Received	14,460	19,781
Other Income	174,570	193,745
	<u>15,675,339</u>	<u>16,481,871</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
Note 3: Profit from Ordinary Activities	\$	\$
Profit from ordinary activities before income tax		
Expense has been determined after:		
(a) Expenses		
Cost of sales	1,567,509	1,501,460
Borrowing costs- unrelated entities		
Bank Bills- fees	1,891	300
	<u>1,891</u>	<u>300</u>
Total borrowing cost	1,891	300
	<u>1,891</u>	<u>300</u>
Depreciation of property, plant & equipment		
Buildings	280,137	259,907
Furniture, Plant & equipment & PM	361,431	345,150
	<u>641,568</u>	<u>605,057</u>
Total depreciation	641,568	605,057
	<u>641,568</u>	<u>605,057</u>
Remuneration of auditor		
Audit – 2016	25,000	20,000
	<u>25,000</u>	<u>20,000</u>
	25,000	20,000
	<u>25,000</u>	<u>20,000</u>
(b) (Loss)/Profit on disposal of plant & equipment, PM	-	32,638
	<u>-</u>	<u>32,638</u>
	-	32,638
	<u>-</u>	<u>32,638</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
Note 4: Cash Assets	\$	\$
Cash on hand	355,460	340,560
Cash at bank	1,651,716	1,666,948
	<u>2,007,176</u>	<u>2,007,508</u>
Note 5: Inventories		
Club Merchandise Stock/ Prize on Hand	31,796	31,527
Bar Stock	88,931	87,482
Bistro Stock	26,432	23,831
Showcase Stock	2,753	2,571
	<u>149,912</u>	<u>145,411</u>
Note 6: Property Plant & Equipment		
Land & Buildings – At cost	12,306,034	11,881,067
Less: Accumulated Depreciation	(3,854,302)	(3,574,165)
	<u>8,451,732</u>	<u>8,306,902</u>
Furniture, Plant & Equipment - At cost	7,210,874	6,398,425
Less: Accumulated Depreciation	(5,733,674)	(5,397,470)
	<u>1,477,200</u>	<u>1,000,955</u>
Poker Machines – At cost	5,266,664	4,789,936
Less: Accumulated Depreciation	(1,089,875)	(1,088,581)
	<u>4,176,789</u>	<u>3,701,355</u>
Total		
Property, Plant & Equipment - At cost	24,783,572	23,069,428
Less: Accumulated Depreciation	(10,677,851)	(10,060,217)
	<u>14,105,721</u>	<u>13,009,211</u>

Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

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 2014	8,521,087	4,332,971	12,854,058
Additions	45,721	733,124	778,845
Disposals	-	(18,635)	(18,635)
Transfers between asset classes/adjustments	-	-	-
Depreciation	(259,907)	(345,150)	(605,057)
Carrying amount at the end of the year 2015	8,306,901	4,702,310	13,009,211
Additions	424,968	1,364,380	1,789,348
Disposals	-	-	-
Transfer between asset classes/adjustments	-	(51,270)	(51,270)
Depreciation	(280,137)	(361,431)	(641,568)
Carry amount at the end of the year 2016	8,451,732	5,653,989	14,105,721

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

The total valuation amount is:

(Based on valuation performed in 2015)

Land & Building	8,850,000
Plant & Equipment	3,940,000
	12,790,000

	2016 \$	2015 \$
Note 7: Intangible		
PM Entitlements – At cost	286,371	286,371
Less: Accumulated Depreciations	(2,981)	(2,981)
	283,390	283,390

Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	\$	\$
Note 8: Other Assets		
Non-current		
Finance Charges	30,293	835
Unlisted share investment at cost	750	750
Showcase clearings	-	(15,723)
	<u>31,043</u>	<u>(14,138)</u>
Note 9: Creditors & Borrowings		
Current		
Trade Creditors & Accruals	897,489	874,154
Other Creditors	336,744	160,548
Sundry Creditors	-	4,101
Subscriptions in Advance	34,842	46,087
Sub-branch Loan(Unsecured)	150,000	150,000
Bank Loan – (Secured)	240,000	240,000
Hire Purchase – Liability	144,366	-
	<u>1,803,441</u>	<u>1,474,890</u>
Non-current		
Hire Purchases – Liability	276,702	8,975
Bank Loan – (Secured)	85,000	322,000
Bank Line of Credit – (Secured)	122,247	-
	<u>483,949</u>	<u>330,975</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	\$	\$
Note 10: Provision		
Current		
Employee Entitlements		
Annual Leave	377,921	364,513
Long Service Leave	352,861	314,485
	<u>730,782</u>	<u>678,998</u>
Note 10(a)- Provision for employee entitlements		
Aggregate employee entitlement liability	<u>730,782</u>	<u>678,998</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.

	No.	No.
Number of employee at the year end (full time equivalent)		
Permanent	30	35
Casual	74	57
Total	<u>104</u>	<u>92</u>



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	\$	\$
Note 11: 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	32,500
		28,375
(b) Key Management Personnel		
Mr M Baxter	CEO	
Mr G Wong	CFO	
Mr A Mazurkiewicz	Gaming Manager	
Mr M Gavinel	Operations Manager	
Mrs M Baxter	Marketing Manager	
(c) Key Management Personnel Compensation		
Benefits and payments to the Key Management		
Personnel named above	625,827	665,551
Note 12: Auditors Remuneration		
Remuneration of the auditor for: Audit 2016	25,000	22,727
	<u>25,000</u>	<u>22,727</u>

Note 13: 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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016	2015
	\$	\$
Note 14: Deferred Tax Reconciliation		
(a) Liabilities		
Current		
(Income Tax	-	-
Non-Current		
Deferred Tax Asset:		
Tax liabilities relating to property, plant & equipment	136,623	111,193
Tax asset relating to current year tax losses	(155,000)	88,732
Tax assets relating to provisions and accruals	(46,562)	(18,667)
	<u>(64,939)</u>	<u>181,258</u>
(b) Reconciliation		
The overall movement in the deferred tax account is as follows:		
Opening balance	181,258	119,346
Charge/(credit) to Equity statement	(246,198)	61,912
	<u>(64,939)</u>	<u>181,258</u>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

Note 15: 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 2016.

(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 1.20% (2015: 1.30%)

The weighted average rate for bank bills during the year was 3.30% (2015: 6.86%)

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:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

Fixed Interest Maturing

Note 15: Financial Instruments (Cont'd)

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within one year		1 to 5 Years		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	1.20	1.30	2,007,176	2,007,758	-	-	-	-	-	-	2,007,176	2,007,758
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
			2,007,176	2,007,758	-	-	-	-	-	-	2,007,176	2,007,758
Financial Liabilities:												
Bank Credit Cards	15.75	15.50	-	-	3,790	2,953	-	-	-	-	3,790	2,953
Bank Loans	3.30	6.86	-	-	240,000	240,000	207,247	322,000	-	-	447,247	562,000
Trade and other payables	-	-	-	-	-	-	-	-	893,699	871,200	893,699	871,200
HP Liabilities	5.20	6.84	-	-	144,366	-	276,702	8,975	-	-	421,068	8,975
Other Borrowings	-	-	-	-	-	-	371,586	210,737	-	-	371,586	210,737
Unsecured Loan	5.00	5.00	-	-	-	-	150,000	150,000	-	-	150,000	150,000
			-	-	388,156	242,953	1,005,535	691,712	893,699	871,200	2,287,390	1,805,865



Canley Heights RSL & Sporting Club Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

Note 16: Related Party Transactions

There were no related party transactions in 2016.

Note 17: Events subsequent to reporting date

The club has undergone construction of the Club's Carpark from December 2016. The expected completion date of the Club's Carpark is April 2017. The costs of the Carpark construction is contracted with Boden Project Pty Ltd.

Other construction developments which was noted in the 2015 report has not started and the Club will look at them later in 2017 or at the start of 2018. Members will be notified and updated on any further developments with construction.

The Club replaced and updated the POS (Point-of-Sale) Systems, Human Resource Management and Finance tools and reporting soft wares.

Note 18: 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.

The Club entered into a contract of approximately \$1 Million dollars which is not disclosed.

Note 19: Guarantee

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

Note 20: Sporting Club Bank balances

The combined bank balances of the various sporting clubs were \$64,130.51 as at 31st December 2016. 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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

Note 21: Capital Commitments

There are capital commitments for an amount of approximately \$1,452,626 at the balance sheet date.

Note 22: Company Details

The registered office of the company is:

Canley Heights RSL & Sporting Club Limited
26 Humphries Road
Wakeley NSW 2176

Note 23: 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.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016 \$	2015 \$
<i>Cash Flows from Operating Activities</i>			
Receipts from customers		15,825,791	16,402,928
Payments to suppliers and employees		(14,340,295)	(14,306,257)
Interest received		14,460	39,781
Interest paid		(57,658)	(52,206)
Borrowing costs(bill fees)		(1,892)	(300)
<i>Net cash provided by (used in) operating activities</i>	2	<u>1,440,406</u>	<u>2,083,946</u>
<i>Cash Flows from Investing Activities</i>			
Sale of property, plant & equipment		-	51,000
Payment for property, plant & equipment		(1,738,078)	(840,734)
<i>Net cash provided by (used in) investing activities</i>		<u>(1,738,078)</u>	<u>(789,734)</u>
<i>Cash Flows from Financing Activities</i>			
Addition/(Reduction) in bank loans		(114,753)	(240,000)
Addition/(Reduction) in HP liability		412,093	(206,883)
<i>Net cash provided by (used in) financing activities</i>		<u>297,340</u>	<u>(446,883)</u>
Net increase (decrease) in cash held		<u>(332)</u>	<u>847,329</u>
Cash at the beginning of financial year		<u>2,007,508</u>	<u>1,160,179</u>
Cash at the end of reporting period (Cashflow Note 1)	4	<u><u>2,007,176</u></u>	<u><u>2,007,508</u></u>



Canley Heights RSL & Sporting Club Limited

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Notes to the Statement of Cash Flows Note 1: Reconciliation of Cash

	2016	2015
	\$	\$
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	355,460	340,560
Cash at bank	1,651,716	1,666,948
	<u>2,007,176</u>	<u>2,007,508</u>

Note 2: Reconciliation of Net Cash Provided by Operating Activities

Operating Profit / (Loss)	607,320	1,288,859
Depreciation & amortisation	641,568	605,057
(Gain)/Loss on Sale of Assets	-	(32,638)
Increase/ (Decrease) in Accounts payable/ Accruals	23,335	249,061
Increase/ (Decrease) in Subscriptions in advance	(11,245)	24,725
Increase/ (Decrease) in Other Creditors	172,095	(2,461)
Increase/ (Decrease) in Provisions	51,784	93,955
(Increase)/ Decrease in Prepaid expenses	2,535	(3,592)
(Increase)/ Decrease in Debtors	2,693	(178,537)
(Increase)/ Decrease in Inventory	(4,501)	20,474
(Increase)/ Decrease in Showcase Clearing	(15,722)	-
(Increase)/ Decrease in Finance charges	(29,456)	19,043
Net Cash provided by Operating Activities	<u>1,440,406</u>	<u>2,083,946</u>



Canley Heights RSL & Sporting Club Limited

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CANLEY HEIGHTS RSL & SPORTING CLUB LIMITED
ABN 44 001 783 124

SCOPE

Report on the Financial Statements

We have audited the accompanying financial report of Canley Heights RSL & Sporting Club Limited, which comprises the Statement of Financial Position as at 31st December, 2016 and the Statements of Comprehensive Income, Statement of Changes to Equity, Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Director's Declaration.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial 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 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 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.

AUDITOR'S OPINION

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

- (a) Giving a true and fair view of the Company's financial position as at 31st December, 2016 and of its performance for the year ended on that date; and
- (b) Complying with the Australian Accounting Standards and the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'A.M. Frawley', is written over a horizontal line.

A.M. Frawley
D M Walsh & Co
Chartered Accountant

Dated 14th March 2017



Annual Report 2016

Canley Heights RSL & Sporting Club Limited

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