
Roseville Returned Servicemen's Memorial Club Limited
ABN 51 001 071 138

Annual Financial Report
31 December 2015

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Directors

The directors present their report together with the financial statements of Roseville Returned Servicemen's Memorial Club Limited (the company) for the year ended 31 December 2015.

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

Mr John Whitworth

President since 2003

Qualifications: Business Development Manager.

Experience: Member of the board for 22 years. Member of the club for 25 years.

Mr Christopher R Walsh

Qualifications: Company Director

Experience: Current board member for 3 years. Member of the club for 19 years

Mr Michael J Conroy

Honorary Treasurer

Qualifications: Company Director

Experience: Life Member and Member of the board for 23 years.

Treasurer of the club for 21 years. Member of the club for 34 years.

Mr Ian P Graham

Qualifications: Marketing Director

Experience: Member of the board for 13 years. Member of the club for 44 years.

Mr Gregory R Johnson

Deputy President

Qualifications: Company Director

Experience: Member of the board for 9 years and member of the club for 18 years.

Mr Arthur C Willis

Qualifications: Consultant

Experience: Current board member for 3 years. Member of the club for 37 years

Mr Timothy M Watts

Qualifications: Company Director

Experience: Current board member for 3 years. Member of the club for 12 years

Ms Catherine G Hancock

Appointed on 28 May 2015

Qualifications: Director of Nursing

Experience: Current board member for 1 year.

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2015, and the number of meetings attended by each director are:

Director	Number of meetings attended	Number of meetings held *
Mr J Whitworth	14	14
Mr C Walsh	13	14
Mr M Conroy	14	14
Mr I Graham	11	14
Mr G Johnson	14	14
Mr T Watts	12	14
Mr A Willis	5	14
MS C Hancock	3	3

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2015 and the comparison with last year is as follows:

	2015	2014
Ordinary	1,328	1,495
Life	5	10
Country	2	2
	<hr/>	<hr/>
	1,335	1,507
	<hr/>	<hr/>

Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$20 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

Operating result

	2015	2014
Operating Profit / (Loss)	(489,015)	(153,155)
Add: Depreciation & amortisation	166,248	134,298
Club redevelopment expense	351,811	-
	<hr/>	<hr/>
Net profit/ (loss) before depreciation and club redevelopment expense	29,044	(18,857)
	<hr/>	<hr/>

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Objectives

Our mission at the Roseville Memorial Club is to conduct business in a responsible and financially prudent manner with the primary aims of enhancing membership benefits and contributing to the local community. We acknowledge and emphasise the important role the club plays in honouring present and returned servicemen and servicewomen, whilst continuing to be relevant and forwarding looking for future generations.

Strategy for achieving the objectives

To achieve our mission at Roseville Memorial Club our immediate focus is to maintain a well-managed, prosperous operation which offers high quality amenities and services provided by dedicated staff who have been entrusted to care for our valued members and their guests. At the same time we understand that to ensure success over the long term, we must be flexible and adapt to the changing club and economic environments plus the demographic characteristics of the membership. To that end we seek to introduce new promotions and activities for members. To continually review and upgrade facilities of the club is important and the recent upgrade to the gaming and lounge areas is a reflection of that objective.

Principal activity

The principal activity of the company during the year has continued to be that of a licensed social club.

How this activity assists in achieving the objectives

The Board of Directors works within a Strategic Plan which was formulated late 2009. That plan sets specific aims and guidelines for the various Board sub committees - notably finance, membership, marketing, compliance, capital works and sponsorship.

Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance; these include the use of bar gross profit percentage and wages to sales percentages compared to industry averages.

The Club also uses the EBITDA percentage to measure its financial performance so as to ensure that the Club's assets are being used to their optimum level of return.

Key Performance Indicators

	2015	2014
Bar		
Gross profit percentage	58.90%	60.70%
Wages to sales percentage	33.69%	48.10%
EBITDA percentage (Earnings before Interest, Tax, Development costs and Depreciation and Amortisation)	5.84%	5.94%

Roseville Returned Servicemen's Memorial Club Limited

Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 21st day of April 2016

John Whitworth
Director

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF ROSEVILLE RETURNED SERVICEMEN'S MEMORIAL CLUB LIMITED

As lead auditor of Roseville Returned Servicemen's Memorial Club Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 21 April 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Roseville Returned Servicemen's Memorial Club Limited

Report on the Financial Report

We have audited the accompanying financial report of Roseville Returned Servicemen's Memorial Club Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Roseville Returned Servicemen's Memorial Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of Roseville Returned Servicemen's Memorial Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

BDO East Coast Partnership

Paul Cheeseman
Partner

Sydney, 21 April 2016

Roseville Returned Servicemen's Memorial Club Limited

Directors' Declaration

The directors of Roseville Returned Servicemen's Memorial Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 30, are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 21st day of April 2016

John Whitworth
Director

Roseville Returned Servicemen's Memorial Club Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Revenue			
Sale of goods		441,480	463,449
Rendering of services		435,108	426,687
Other revenue		70,120	63,503
		<hr/>	<hr/>
Total revenue	2	946,708	953,639
		<hr/>	<hr/>
Expenses			
Bar purchases		(181,546)	(182,118)
Employee benefits expense		(318,972)	(322,249)
Entertainment, marketing and promotional costs		(76,325)	(75,121)
Professional fees		(22,300)	(24,700)
Property expenses		(198,199)	(193,864)
Membership expenses		(2,272)	(2,855)
Depreciation and amortisation	3	(166,248)	(134,298)
Finance costs	3	(26,237)	(75,513)
Other expenses		(91,813)	(96,076)
Club redevelopment expenses	3	(351,811)	-
		<hr/>	<hr/>
Total Expenses		1,435,723	1,106,794
		<hr/>	<hr/>
Loss before income tax		(489,015)	(153,155)
Income tax expense	4(a)	-	-
		<hr/>	<hr/>
Net loss after income tax attributable to members	15	(489,015)	(153,155)
		<hr/>	<hr/>
Other comprehensive income (items which will not be reclassified to profit/loss in the future)			
Change in fair value of property		-	3,931,074
		<hr/>	<hr/>
Total comprehensive income for the year net of tax attributable to members		(489,015)	3,777,919
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Financial Position
As at 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5(a)	580,758	35,603
Other financial assets	6	250	250
Inventories	8	14,135	13,832
Other current assets	7	177,326	-
Total Current Assets		772,469	49,685
Non-Current Assets			
Other non-current assets	7	177,327	-
Property, plant and equipment	9	8,119,621	8,211,838
Intangible assets	10	24,000	24,000
Total Non-Current Assets		8,320,948	8,235,838
Total Assets		9,093,417	8,285,523
LIABILITIES			
Current Liabilities			
Bank overdraft	12	-	70,557
Trade and other payables	11	65,725	90,040
Financial liabilities	12	36,848	97,756
Employee benefits	13	76,677	55,162
Other current liabilities	14	15,640	23,249
Total Current Liabilities		194,890	336,764
Non-Current Liabilities			
Financial liabilities	12	2,235,680	793,624
Employee benefits	13	8,388	11,661
Total Non-Current Liabilities		2,244,068	805,285
Total Liabilities		2,438,958	1,142,049
Net Assets		6,654,459	7,143,474
Members' Funds			
Retained profits	15	478,411	967,426
Asset revaluation reserve	16	6,176,048	6,176,048
Total Members' Funds		6,654,459	7,143,474

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Changes in Equity
For the Year Ended 31 December 2015

	Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 January 2014	2,244,974	1,120,579	3,365,553
Net loss for the year after income tax	-	(153,153)	(153,153)
Other comprehensive income for the year net of tax	3,931,074	-	3,931,074
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	3,931,074	(153,153)	3,777,921
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	6,176,048	967,426	7,143,474
	<hr/>	<hr/>	<hr/>
Net loss for the year after income tax	-	(489,015)	(489,015)
Other comprehensive income for the year net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(489,015)	(489,015)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	6,176,048	478,411	6,654,459
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited
Statement of Cash Flows
For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
Cash Flows From Operating Activities			
Receipts from customers and members		1,021,365	1,053,052
Payments to suppliers and employees		(1,187,927)	(1,019,293)
Interest received		6,036	15
Finance costs paid		(530,462)	(75,513)
		<hr/>	<hr/>
Net cash outflow from operating activities		(690,988)	(41,739)
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(74,448)	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(74,448)	-
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Repayment of borrowings (Bankwest)		(853,461)	(63,419)
Proceeds from borrowings		2,259,400	-
Finance lease payments		(24,791)	(41,253)
		<hr/>	<hr/>
Net cash inflow/ (outflow) from financing activities		1,381,148	(104,672)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		615,712	(146,411)
Cash and cash equivalents at the beginning of the financial year		(34,954)	111,457
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	5(a)	580,758	(34,954)
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for not-for-profit orientated entities.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The financial report is presented in Australian dollars, which is the company's functional and presentation currency.

The company is a not-for-profit company for the purpose of preparing these financial statements, which means that in preparing the financial report, the company has applied the exemptions available for not-for-profit entities.

The financial report was authorised for issue on 21st April 2016, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(a) Revenue Recognition - Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of beverages and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

Interest Revenue

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

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(c) Finance Costs - Note 3

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets, which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets.

Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

(d) Income Tax - Note 4

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

(e) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Roseville Returned Servicemen's Memorial Club Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(f) Cash and Cash Equivalents - Note 5

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

(g) Financial Assets - Note 6

Financial assets represent investments in unlisted entities and are measured at cost.

(h) Inventories - Note 8

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(i) Leased Assets

Leases under which the company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases - Note 12

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j) Property, Plant and Equipment - Note 9

All property, plant and equipment, except land and buildings, is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Poker machines	2.5 - 5 years
Plant and equipment	4 - 20 years
Leased plant and equipment	Term of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

(k) Intangible Assets - Note 10

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(l) Trade and Other Payables - Note 11

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(m) Financial Liabilities - Note 12

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(n) Employee Benefits - Note 13

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plan

The company contributes to a defined contribution superannuation plan. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(o) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long Service Leave Provision

As discussed in note 1(n), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Intangible Assets

As discussed in note 1(k), impairment of poker machine entitlements is recognised where the recoverable amount is lower than the carrying amount of the intangible. The recoverable amount is based on the fair value of the entitlement measured using current market values.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

	2015 \$	2014 \$
2 Revenue		
Sale of Goods Revenue		
Bar sales	441,480	463,449
	<hr/>	<hr/>
	441,480	463,449
	<hr/>	<hr/>
Rendering of Services Revenue		
Poker machines - net clearances	361,986	367,163
Members' subscriptions	23,787	27,289
Keno sales	1,524	285
ATM commission received	16,674	-
Sundry income	31,137	31,950
	<hr/>	<hr/>
	435,108	426,687
	<hr/>	<hr/>
Other Revenues		
Bistro rent	64,084	63,488
Interest received	6,036	15
	<hr/>	<hr/>
Total other revenue	70,120	63,503
	<hr/>	<hr/>
Total revenue	946,708	953,639
	<hr/>	<hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

	2015 \$	2014 \$
3 Expenses		
Loss before income tax includes the following specific items:		
Finance costs		
Finance lease charges and bank interest	<u>26,237</u>	<u>75,513</u>
Depreciation		
Buildings and improvements	93,250	74,603
Plant and equipment	15,739	22,304
Poker machines	-	3,377
Amortisation		
Leased poker machines	49,794	26,071
Leased plant and equipment	7,465	7,943
	<u>166,248</u>	<u>134,298</u>
Defined contribution superannuation expense	<u>24,365</u>	<u>24,649</u>
Club re-development expense		
Legal expenses	65,062	-
Interest expense	149,572	-
Facility and establishment fees	94,390	-
Project management fees	28,236	-
Other re-development expenses	14,551	-
	<u>351,811</u>	<u>-</u>
Total club re-development expenses	<u>351,811</u>	<u>-</u>

During the financial period, arrangements have been made to sell the development rights of the Clubs property to an external developer. The club redevelopment expense represents legal costs and establishment fees incurred in relation to the proposed redevelopment of the Club.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

4 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2015 \$	2014 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	(177,887)	(59,052)
Other taxable income	105,539	81,008
	<hr/>	<hr/>
Other deductible expenses	(72,348)	21,956
Tax loss not recognised	(113,792)	(100,694)
	186,140	78,738
	<hr/>	<hr/>
Net income subject to tax	-	-
	<hr/>	<hr/>

(b) Deferred Tax Assets Not Taken to Account

Deferred tax assets attributable to tax losses carried forward and timing differences have not been recognised as an asset because recovery is not probable.

Tax losses carried forward	100,052	76,431
Loss for the year	55,842	23,621
Timing differences	10,911	1,783
	<hr/>	<hr/>
Net deferred tax assets	166,805	101,835
	<hr/>	<hr/>

These benefits will only be obtained if:

- i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) the company continues to comply with the conditions for deductibility imposed by law; and
- iii) no changes in tax legislation adversely affect the company in realising the benefit.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

5 Cash Flow Information

(a) Reconciliation of Cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2014 \$
Bank overdraft	-	(70,557)
Cash and cash equivalents	580,758	35,603
	<hr/>	<hr/>
	580,758	(34,954)
	<hr/>	<hr/>

(b) Non-Cash Investment Activities

During the financial year the company acquired property, plant and equipment with an aggregate fair value of \$74,448 (2014: \$Nil) by means of finance leases. These acquisitions are not reflected in the Statement of Cash Flows.

6 Financial Assets

Current

Investments - at cost

250	250
<hr/>	<hr/>

7 Prepayments

Current

Prepayments

177,326	-
<hr/>	<hr/>

Non-Current

Prepayments

177,327	-
<hr/>	<hr/>

Prepayment relates to interest charged by the lender as security for its obligations under the loan facility agreement with GP Mortgage Corporation. The end of the agreement is the earlier of 2 years from the date of the agreement or 13th December 2017.

8 Inventories

Current

Finished goods - at cost

14,135	13,832
<hr/>	<hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

	2015 \$	2014 \$
9 Property, Plant and Equipment		
Land and buildings		
<i>At valuation</i>	8,000,000	8,000,000
<i>Accumulated depreciation</i>	(112,353)	(18,686)
	<hr/> 7,887,647	<hr/> 7,981,314
Plant & equipment		
<i>At cost</i>	603,048	603,048
<i>Accumulated depreciation</i>	(521,346)	(505,607)
	<hr/> 81,702	<hr/> 97,441
Leased plant & equipment		
<i>At capitalised cost</i>	209,470	209,470
<i>Accumulated amortisation</i>	(167,400)	(159,935)
	<hr/> 42,070	<hr/> 49,535
Leased poker machines		
<i>At capitalised cost</i>	217,953	143,505
<i>Accumulated amortisation</i>	(109,751)	(59,957)
	<hr/> 108,202	<hr/> 83,548
Total property, plant and equipment net book value	<hr/> 8,119,621	<hr/> 8,211,838

Refer to Note 12 for details of security over property, plant and equipment.

Valuation of Land and Buildings

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were revalued in August 2014, which resulted in a value of \$8,000,000. The valuation was based on independent assessments by a member of the Australian Property Institute. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

9 Property, Plant and Equipment (continued)

	2015 \$	2014 \$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land and Buildings		
Carrying amount at beginning of year	7,981,314	4,125,296
Revaluation	-	3,931,074
Depreciation expense	(93,667)	(75,056)
	<hr/>	<hr/>
Carrying amount at end of year	7,887,647	7,981,314
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	97,441	119,745
Depreciation expense	(15,739)	(22,304)
	<hr/>	<hr/>
Carrying amount at end of year	81,702	97,441
	<hr/> <hr/>	<hr/> <hr/>
Leased Plant and Equipment		
Carrying amount at beginning of year	49,535	57,478
Amortisation expense	(7,465)	(7,943)
	<hr/>	<hr/>
Carrying amount at end of year	42,070	49,535
	<hr/> <hr/>	<hr/> <hr/>
Leased Poker Machines		
Carrying amount at beginning of year	83,548	109,619
Additions	74,448	-
Amortisation expense	(49,794)	(26,071)
	<hr/>	<hr/>
Carrying amount at end of year	108,202	83,548
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

9 Property, Plant and Equipment (continued)

	2015 \$	2014 \$
Reconciliations		
Poker Machines		
Carrying amount at beginning of year	-	3,377
Depreciation expense	-	(3,377)
	<hr/>	<hr/>
Carrying amount at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

The following are core properties:

62 - 64 Pacific Highway, Roseville NSW 2069.

There are no non-core properties.

10 Intangible Assets

Poker machine entitlement		
<i>At cost</i>	60,959	60,959
<i>Accumulated impairment loss</i>	(36,959)	(36,959)
	<hr/>	<hr/>
	24,000	24,000
	<hr/> <hr/>	<hr/> <hr/>

11 Trade and Other Payables

Trade creditors	26,925	43,671
Other creditors and accruals	31,533	42,935
Goods & Services Tax (GST) payable	7,267	3,434
	<hr/>	<hr/>
	65,725	90,040
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

	2015 \$	2014 \$
12 Financial Liabilities		
Bank overdraft - Secured	-	70,557
	<hr/> <hr/>	<hr/> <hr/>
Interests on bank overdrafts were charged at prevailing market rates. The bank overdrafts were repayable on demand and were subject to annual review.		
Current Secured		
Loan - Bankwest	-	72,392
Finance lease liabilities	36,848	25,364
	<hr/>	<hr/>
	36,848	97,756
	<hr/> <hr/>	<hr/> <hr/>
Non-Current Secured		
Loan - Bankwest	-	781,069
Loan - GP Mortgage Corporation	2,215,000	-
Finance lease liabilities	20,680	12,555
	<hr/>	<hr/>
	2,235,680	793,624
	<hr/> <hr/>	<hr/> <hr/>
Financing Arrangements		
The company has access to the following lines of credit:		
Total facilities available:		
Bank loans	-	853,461
Bank overdraft	-	70,557
Loan GP Mortgage Corporation	2,215,000	-
	<hr/>	<hr/>
	2,215,000	924,018
	<hr/> <hr/>	<hr/> <hr/>
Facilities utilised at reporting date:		
Bank loans	-	853,461
Bank overdraft	-	70,557
Loan GP Mortgage Corporation	2,215,000	-
	<hr/>	<hr/>
	2,215,000	924,018
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

12 Financial Liabilities (continued)

Financing Arrangements (continued)

Security

The facility agreement with GP Mortgage Corporation is secured by first ranking mortgage over the Club property located at 64 Pacific Highway, Roseville NSW 2069 and a general security agreement over all present and after acquired property of Roseville Returned Servicemen's Memorial Club Limited.

	2015 \$	2014 \$
13 Employee Benefits		
Current		
Employment benefits	76,677	55,162
Non-Current		
Employee benefits	8,388	11,661
	<hr/>	<hr/>
Aggregate liability for employee benefits including on-costs	85,065	66,823
	<hr/> <hr/>	<hr/> <hr/>

Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

14 Other Liabilities

Income received in advance	15,640	23,249
	<hr/>	<hr/>

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

	2015 \$	2014 \$
15 Retained Profits		
Retained profits at the beginning of the year	967,426	1,120,581
Net loss for the year	(489,015)	(153,155)
	<hr/>	<hr/>
Retained profits at the end of the year	478,411	967,426
	<hr/>	<hr/>
16 Asset Revaluation Reserve		
Asset Revaluation Reserve at the beginning of the year	6,176,048	2,244,974
Revaluation (note 9)	-	3,931,074
	<hr/>	<hr/>
Asset Revaluation Reserve at the end of the year	6,176,048	6,176,048
	<hr/> <hr/>	<hr/> <hr/>
17 Commitments		
Finance Lease Commitments		
Finance lease rentals commitments are payable:		
Within one year	37,894	27,390
One year or later and no later than five years	20,680	13,078
	<hr/>	<hr/>
	58,574	40,468
	<hr/> <hr/>	<hr/> <hr/>

The company leases poker machines and plant and equipment under finance leases expiring from one to three years. At the end of the lease term the company has the option to purchase the equipment at a price deemed to be a bargain purchase option. The lease facility is secured against the assets purchased under this facility. The club has no other commitments for expenditure as at 31 December 2015.

Roseville Returned Servicemen's Memorial Club Limited
Notes to the Financial Statements
For the Year Ended 31 December 2015

18 Key Management Personnel Details

	2015 \$	2014 \$
Benefits and payments made to the Directors and Other Key Management Personnel:	-	-

19 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

During the year, the Company employed a relation of John Whitworth, a director of the club. The employment was on a casual basis and total expenditure by the company was \$1,900 (2014: \$1,300). All transactions were undertaken on an arm's length basis.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

20 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2015 there were 1,335 members.

The registered office of the company is 64 Pacific Highway, Roseville NSW 2069.

21 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.



Disclaimer

The additional financial data presented on pages 32 and 33 is in accordance with the books and records of Roseville Returned Servicemen's Memorial Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given.

In accordance with our Firm policy, we advise that neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any person (other than the company) with respect to such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

BDO East Coast Partnership

Paul Cheeseman
Partner

Sydney, 21 April 2016

Roseville Returned Servicemen's Memorial Club Limited
Trading Profit and Loss Account
For the Year Ended 31 December 2015

	2015 \$	2014 \$
Club Trading Revenue		
Poker machine revenue	361,987	367,163
Bar revenue	441,480	463,449
	<hr/>	<hr/>
Net Sales	803,467	830,612
	<hr/>	<hr/>
Less: Cost of Goods Sold		
Opening inventory	13,832	13,802
Purchases	181,849	182,147
	<hr/>	<hr/>
Less: Closing Inventory	(14,135)	(13,832)
	<hr/>	<hr/>
Total Cost of Goods Sold	181,546	182,117
	<hr/>	<hr/>
Gross Profit	621,921	648,495
	<hr/>	<hr/>
Less: Expenses		
Audit and accounting fees	22,300	20,700
Advertising	2,035	-
Bank charges and borrowings costs	2,143	3,038
Bar sundries	6,344	13,010
Building costs	-	9,056
Catering	237	2,663
Cleaning	37,549	37,927
Computer expenses	5,328	9,586
Consulate finance payment	1,451	-
Consultancy fees	-	4,000
Depreciation	166,248	134,298
Directors' expenses	9,655	5,859
Donations and sponsorships	-	2,235
Electricity and gas	49,796	45,693
Entertainment	43,613	41,522
Functions	2,374	6,050
General expenses	5,914	4,721
Insurance	37,483	37,442
Interest paid	30,373	66,808
Lease Charges	(4,136)	8,705
Marketing	4,630	5,452
Membership expenses	1,161	1,155
Merchant charges	3,286	3,482

Roseville Returned Servicemen's Memorial Club Limited
Trading Profit and Loss Account
For the Year Ended 31 December 2015 (continued)

	2015 \$	2014 \$
Poker machine costs	22,548	21,474
Postage	1,111	1,700
Printing and stationery	1,275	1,327
Promotion expenses	25,811	25,484
Rates and taxes	17,835	14,975
Repairs and maintenance	34,275	27,493
Salaries and wages	294,607	296,622
Security costs	2,971	1,988
Staff training and welfare	-	977
Stocktaking expenses	6,486	7,379
Subscriptions	1,176	506
Superannuation	24,365	24,649
Tab expenses	23,832	17,330
Telephone	4,896	4,723
Waste disposal	13,394	14,647
	<hr/>	<hr/>
Total Expenses	902,366	924,677
	<hr/>	<hr/>
Net Loss before club redevelopment expense	(280,445)	(276,182)
	<hr/>	<hr/>
Other Operating Income		
Members' annual subscriptions	23,787	27,289
Interest received	6,036	15
Bistro rental	64,085	63,488
Other income	32,660	32,235
ATM commission received	16,673	-
	<hr/>	<hr/>
Total Other Operating Income	143,241	123,027
	<hr/>	<hr/>
Operating Loss Before Income Tax and Club Redevelopment Expense	(137,204)	(153,155)
	<hr/>	<hr/>
Club Redevelopment Expense	(351,811)	-
	<hr/>	<hr/>
Operating loss before income tax	<u>(489,015)</u>	<u>(153,155)</u>