

ARMIDALE EX-SERVICES MEMORIAL CLUB LIMITED

2015 Annual Report



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ARMIDALE EX SERVICES MEMORIAL CLUB LIMITED
ACN 000 979 377

NOTICE OF ANNUAL GENERAL MEETING AND RESOLUTIONS

NOTICE is hereby given of the Annual General Meeting of **ARMIDALE EX SERVICES MEMORIAL CLUB LIMITED** to be held on **Sunday 25th October 2015** commencing at the hour of **10:00 am** at the premises of the Club, Dumaresq Street, Armidale, New South Wales.

Note:

- Registrations will commence at **9:15 am** and finish at **9:59 am**.
 - Doors will close at **10:00 am**.
-

BUSINESS

The business of the meeting will be as follows:

1. Apologies.
2. To confirm the minutes of the previous Annual General Meeting held on 26 October 2014.
3. To receive and consider the President's Report, Chief Executive Officer's Report, Directors' Report, Financial Report and Auditor's Report. Copies of these reports are available on the Club's website (www.armidaleservies.com.au) or on request at the Club.

Note:

Members who have any questions in relation to any report are requested to submit their questions in writing to the Chief Executive Officer by 5:00pm on **Friday 16 October 2015**. If questions are not submitted in this manner, the Club may not be able to provide a complete answer at the Annual General Meeting.

4. To consider the Ordinary Resolutions set out in this Notice.
 5. To deal with any other business of which due notice has been given to members.
 6. General business.
-

ORDINARY RESOLUTIONS

Procedural Notes on Ordinary Resolutions

1. Each Ordinary Resolution will be considered separately.
2. To be passed, an Ordinary Resolution must receive votes in favour from a majority (50% plus 1) of those members who, being eligible to do so, vote in person on the Ordinary Resolution at the meeting.
3. **Only Life members, financial Service members and financial General members are eligible to vote on the Ordinary Resolutions.**
4. The Registered Clubs Act provides that:
 - (a) members who are employees of the Club are not entitled to vote; and
 - (b) proxy voting is prohibited.

FIRST ORDINARY RESOLUTION

That:

- (a) The Members hereby approve and agree to expenditure by the Club in a sum not exceeding twenty thousand dollars (\$20,000.00) until the next Annual General Meeting of the Club for the following activities:
 - (i) The reasonable costs of directors attending seminars, lectures and other educational activities as determined by the Board from time to time.
 - (ii) The reasonable costs (including meal, travel and accommodation expenses) of directors and their spouses/partners attending meetings, conferences, trade shows and functions conducted by ClubsNSW, the Club Managers Association and the RSL & Services Clubs Association and such other conferences and trade shows as determined by the Board from time to time.
 - (iii) The reasonable cost of a meal and beverage for each director immediately before or immediately after, a Board or Committee Meeting on the day of that meeting, when that meeting corresponds with a normal mealtime.
 - (iv) Reasonable expenditure by the Club on an annual dinner to give thanks to directors of the Club and their spouses/partners.
 - (v) The reasonable expenses incurred by directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure.
 - (vi) The reasonable cost of an electronic device (such as an iPad, tablet or other similar device) and internet access (if required) being made available to directors of the Club.
 - (vii) The reasonable cost of directors attending any other registered club for the purpose of viewing and assessing its facilities as determined by the Board as being necessary for the benefit of the Club.
 - (viii) The reasonable cost of directors (and their spouses/partners if required) attending any club, community or charity function as the representatives of the Club and authorised by the Board to do so.
 - (ix) The reasonable cost of Club uniforms being provided to directors as required.
 - (x) The provision of one (1) designated car parking space in the Club's car park for use by the President.
 - (xi) The provision of one (1) designated car parking space in the Club's car park for use by the Vice President and ordinary directors.
- (b) The members acknowledge that the benefits in paragraph (a) are not available for members generally but are only for those who are directors (and their spouses/partners in certain circumstances) of the Club.

Notes to Members on First Ordinary Resolution

1. The First Ordinary Resolution is to have the members in general meeting approve expenditure by the Club on directors (and their spouses/partners in certain circumstances) for a maximum amount of twenty thousand dollars (\$20,000.00) in respect of the matters set out in the First Ordinary Resolution.
2. Included in the First Ordinary Resolution is the cost of directors attending seminars, lectures, trade displays and other similar events to be kept abreast of current trends and developments which may have a significant bearing on the Club.

SECOND ORDINARY RESOLUTION

That the members hereby approve:

- (a) The payment of the following honorariums to directors of the Club for services as directors of the Club until the next Annual General Meeting:
 - (i) President - \$6,000.00.
 - (ii) Vice President - \$2,000.00.
 - (iii) Ordinary Directors - \$1,500.00 each.
- (b) Such honorariums to be paid quarterly in arrears or in such other instalments as the Club and the President, Vice President or directors may agree from time to time.
- (c) If the President, Vice President or a director only holds office for part of the term, the honorarium shall be paid on a pro-rata basis.

Notes to Members on Second Ordinary Resolution

1. The Second Ordinary Resolution is to have the members approve honorariums for the directors of the Club for duties to be performed by them until the next Annual General Meeting.
2. The honorariums will be paid on a pro-rata basis which means that if the President, Vice President or a director only holds office for part of the year, that person will only receive part of the honorarium.

Dated: 9th September 2015 By direction of the Board



Scott Sullivan
Chief Executive Officer

Presidents Report

Welcome to the future of the Armidale Ex Services Memorial Club.

It is with great pleasure that I write this report following the completion of the major renovations, the likes of which the club has not seen in 20 years. The floor space of the club has been opened up and is definitely a more efficient use of space with administration area now utilising space upstairs. The new gaming room, sports bar and bistro certainly have achieved the WOW factor.

I have received only positive feedback from both members and staff on the new facilities and I believe the results speak for themselves with higher patronage in the Mill bistro and increased efficiencies in staff levels. The \$2,500,000.00 invested by the Club has certainly been a good investment in the future of Armidale enabling us to host bigger and better events and foster growth in our local community.

The club has recorded a profit for 2014/2015 financial year, again this is due to increased patronage by our members. This will enable the Servies to continue to support local sporting groups and events like the Tour de Rocks fostering great community spirit and mateship.

I am pleased to report that the Hobbit Child Care facility is also continuing to grow and is still being well patronised and is another excellent community asset, used by a lot of families in Armidale.

I would like to thank to take this opportunity on behalf of all the members of the club to thank Armidale Ex-Services Club CEO, Scott Sullivan and Deputy CEO, Troy Gale for their efforts this year. I would also like to acknowledge the contribution of all our staff who by their efforts make the Armidale Ex Services Memorial Club the club that it is.

Also I would like to thank the Board of Directors for their enthusiasm and support this year. Finally, a thank you to our members and guests for their continuing patronage of the club through what has been a rewarding, but at times frustrating year. Your patience has been appreciated and I'm sure you would agree, well worth the wait. I look forward to seeing you all in 2016 for what I'm sure will be an even bigger and better year for the Armidale Ex-Services Club.



Brian Everett

President

Chief Executive Officers Report

To say its been a big year at the Armidale Ex Services Memorial Club would be an understatement given that the club's major ground floor renovation project is complete, a team rode in the Tour de Rocks bike ride and of course the 100 year Anzac Day celebrations.

This year saw us achieving the following financial results:

	<u>2015</u>	<u>2014</u>
• Profit from operations of the Club	\$118,767	\$ 117,349
• Profit from operations of Hobbit Pre-School	\$ 70,607	\$ 39,601
• Write off assets re refurbishment project	(\$ 406,105)	-
• Gain on business combination re Hobbit	<u>-</u>	<u>\$ 423,401</u>
Operating Surplus / (deficit) form company operations	<u>\$(216,731)</u>	<u>\$580,351</u>

Given that the major refurbishment works were over an eight (8) month building program, I am pleased to report that we were able to sustain our operational result for the club to a comparable level to that of the previous year. This is a pleasing result given that during the major refurbishments we saw various areas of the club disrupted to enable the work to occur and, for a significant period of time during the refurbishment works, we were in fact restricted to utilizing only half of our club to enable the new kitchen, bistro and main lounge areas to be constructed.

Due to the significant refurbishment works that occurred and the transformation of the club's ground floor, whilst a portion of assets (i.e. old furniture, old sports bar, pokie chairs and bases) were able to be sold to other clubs, other assets that were removed and disposed of during the refurbishments works have resulted in the club having to write back various assets which in turn has resulted in the overall deficit result.

I would like to thank all the management team and staff for their assistance during the refurbishment project. It was an enormous change and it couldn't have happened without their ongoing support and enthusiasm. I would also like to acknowledge Network Construction (the builders) and all the various and local tradespersons involved in the refurbishment for the manner in which the works were conducted and the result achieved is the exact vision, the brighter and more modern floor plan we were looking for. Most importantly, I wish to thank all our members and visitors who have shown their continued support for the club during the construction. We know how challenging it was, but what a result, and thank you for your continued support.

Our diversified business of Hobbit Pre-School continues to maintain good attendance rates and has again returned a strong financial result. Again this result can be attributed to the ongoing support of the families who attend Hobbit and the diligent work and efforts of the management team and staff of Hobbit. To ensure our facilities and services at the Hobbit Preschool are both modern and progressive we plan to continue with capital works. These works will see the entire centre having the floor coverings replaced, the verandah room cemented and carpeted, toy storeroom shelving and portable shelving, a new chemical storeroom and, recently painted, some exterior areas of the building.

In order to ensure the continued viability of the Servies in the future, business diversification opportunities and alternative uses for the land surrounding the club remain a focus. During 2015 the Board and I have met again with the Council and will continue to liaise with Council to find a resolution and way forward to hopefully enable a motel development to proceed.

We were proud this year to celebrate with the rest of the Armidale community the 100th Anniversary of Anzac Day. Anzac Day is a very important day for our Club by virtue of our name and the reason for our existence – “Armidale Ex -Services Memorial Club”. In our new club renovations we too have not lost sight of this fact, in that we have implemented various war and service memorabilia items in the display cabinets that line the wall in the new rear entry foyer to the club.

Again in 2015 the Club was nominated as a finalist in the “Clubs & Community Awards” for our continued involvement with the “Tour de Rocks” ride which we are proud to be associated with. This year saw the “Servies” having our own team in the ride and I thank the riders, support crew, sponsors and the members that supported us in our fundraising efforts. For many of us, cancer has touched us in some way or another and it is for this reason that the Servies continues to support this special cause in order to help raise awareness, education and hopefully one day find a cure for cancer, but along the way hopefully we can also ease the burden for those engaged in the battle against cancer.

I would like to acknowledge and thank the Board of Directors for their ongoing support, dedication and commitment to their roles as Directors of the Club and their continuing vision, governance and oversight of the club to ensure the club’s long term viability.

Finally, I’d like to thank all members for their ongoing support and patronage of the Club over the past year. Without the continued support of our members we are unable to reinvest back into our facilities, and indeed the community.

A handwritten signature in black ink, appearing to read 'Scott Sullivan', with a long horizontal flourish extending to the right.

Scott Sullivan

Chief Executive Officer

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

Your directors present their report on the company for the financial year ended 30 June 2015.

Principal Activities

The company's principal activities are the operation of a licensed registered club providing amenities to members.

These principal activities assist in achieving the short term and long term objectives of the company by:

- providing entertainment, dining, gaming and social facilities for members and the community.
- providing sporting facilities for the members and the community.
- providing turnover, cash flow and profit to meet the financial objectives of the company.

Short and Long Term Objectives of the Company

The company has identified the following short term objectives:

- to maintain the clubs core business growth.
- to provide services to members commensurate with industry needs and regulatory requirements.
- to provide child care services through the Hobbit Preschool and Child Care Centre.
- to continue to improve the clubs facilities for members.
- to continue to develop the IT within the club.
- to consolidate debt using new finance and existing cash reserves in order to reduce the company's exposure to interest rates

The company has identified the following long term objectives:

- to continue to investigate all aspects for a motel development.
- to continue to explore business diversification avenues to reduce reliance on current core business revenue.

Strategies

The company has adopted the followings strategies in order to achieve these objectives:

- the preparation of an annual budget for financial performance and the regular review of the company performance against the budget by management and directors.
- the preparation of a business strategic plan to identify the opportunities and strengths of the company to provide for a sustainable future.
- close monitoring of current business activities and cashflow returns to financially plan the strategies.

Performance Measurement

The company uses the following key performance indicators to measure performance:

- Deficit, before income tax expense, for the financial year was \$216,731(2014: surplus \$580,351).

The (deficit)/surplus can be attributed per the following table;

	2015	2014
Operating surplus from company operations	189,374	156,950
Gain on business combination	-	423,401
Loss on sale of fixed assets	(406,105)	-
(Deficit)/surplus before income tax expense	<u>(216,731)</u>	<u>580,351</u>

- Cash flow from operating activities for the financial year was \$625,102 (2014: \$562,774).
- Membership for the financial year was 9,132.

**DIRECTORS REPORT
 FOR THE YEAR ENDED 30 JUNE 2015**

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Brian D Everett	President	Appointed 29 July 2009	Self employed fire, safety and security business proprietor. Appointed as President on 28 November 2012.
Mark D Bullen	Vice President	Appointed 12 October 2007	Self employed bicycle shop proprietor
Ashley Clee	Treasurer	Appointed 29 February 2012	Chartered Accountant Treasurer from 27 November 2013
Thomas (Bill) W Knight	Director	Appointed 26 October 2003	Retired transport proprietor and brick and tile wholesaler Treasurer until 27 November 2013
John M Hamel	Director	Appointed 17 October 2004	Self employed grazier
Craig Archer	Director	Appointed 24 April 2012	Accountant and former business owner
Grant McCarroll	Director	Appointed 20 August 2014	Self employed motor vehicle dealership proprietor

Meetings of Directors

During the financial year, 16 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Brian D Everett	16	14
Mark D Bullen	16	12
Ashley Clee	16	14
Thomas (Bill) W Knight	16	8
John M Hamel	16	15
Grant McCarroll	16	15
Craig Archer	16	13

Company Secretary

Scott Sullivan was appointed as the Company Secretary on 5 February 2013. Scott is a Chartered Accountant with a Bachelor of Financial Administration.

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

Membership Details

The Armidale Ex-Services Memorial Club Ltd is a public company limited by guarantee and no shares or options are issued. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company.

Membership Class	Number of Members	Individual Members Contribution on winding up of Company	Total Members Contribution on winding up of Company
General Members	8,819	\$ 1	\$ 8,819
Service Members	303	\$ 1	\$ 303
Junior Members	9	\$ 1	\$ 9
Life Members	1	\$ 1	\$ 1
Total	9,132	\$ 1	\$ 9,132

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to these financial statements.

Signed in accordance with a resolution of the Board of Directors



Brian D Everett
President



Mark D Bullen
Vice President

Dated: 9 September 2015

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATION ACT 2001
TO THE DIRECTORS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

ABN 61 000 979 377

I declare that, to the best of my knowledge and belief, during the financial year to 30 June 2015 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.

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH



Leah J Russell
Registered Company Auditor (ASIC RAN 299077)
90 Rusden Street
ARMIDALE NSW 2350

Dated: 9 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Sales revenue	2	2,820,518	2,796,639
Cost of goods sold	3	<u>(1,688,249)</u>	<u>(1,723,466)</u>
Gross profit		<u>1,132,269</u>	<u>1,073,173</u>
Other revenue	2	4,109,080	4,236,177
Gain on business combination	2, 22	-	423,401
Advertising and promotional expenses	3	(997,619)	(952,567)
Depreciation expense	3	(499,101)	(490,876)
Loss on disposal of fixed assets	3	(406,105)	-
Employee benefits expense	3	(2,448,293)	(2,512,488)
Finance costs	3	(78,066)	(78,547)
Occupancy costs	3	(690,436)	(747,532)
Other expenses	3	<u>(338,460)</u>	<u>(370,390)</u>
(Deficit)/surplus before income tax expense attributable to members		(216,731)	580,351
Income tax revenue/(expense)	1(b), 4	<u>(177,728)</u>	<u>38,043</u>
(Deficit)/surplus after income tax expense		<u>(394,459)</u>	<u>618,394</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/ income for the year attributable to members		<u>\$ (394,459)</u>	<u>\$ 618,394</u>

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
 ABN 61 000 979 377

STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	233,581	879,545
Trade and other receivables	6	44,926	28,883
Inventories	7	59,885	64,017
Financial assets	8	119,832	664,423
Other current assets	9	47,794	69,768
TOTAL CURRENT ASSETS		506,018	1,706,636
NON CURRENT ASSETS			
Property, plant and equipment	10	9,460,099	7,568,470
Deferred tax assets	14	28,931	206,659
Intangible assets	11	60,000	60,000
TOTAL NON CURRENT ASSETS		9,549,030	7,835,129
TOTAL ASSETS		10,055,048	9,541,765
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,037,406	673,261
Borrowings	13	-	76,131
Employee benefits	15	182,929	207,843
Other liabilities	16	21,083	19,881
TOTAL CURRENT LIABILITIES		1,241,418	977,116
NON CURRENT LIABILITIES			
Borrowings	13	1,043,528	386,082
Employee benefits	15	19,541	36,132
Other liabilities	16	24,201	21,616
TOTAL NON CURRENT LIABILITIES		1,087,270	443,830
TOTAL LIABILITIES		2,328,688	1,420,946
NET ASSETS		\$ 7,726,360	\$ 8,120,819
EQUITY			
Retained surpluses		7,726,360	8,120,819
TOTAL EQUITY		\$ 7,726,360	\$ 8,120,819

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Retained Surpluses \$	Total \$
Balance at 1 July 2013	7,502,425	7,502,425
Surplus after income tax expense	618,394	618,394
Total other comprehensive income for the year	-	-
Balance at 30 June 2014	\$ 8,120,819	\$ 8,120,819
Deficit after income tax expense	(394,459)	(394,459)
Total other comprehensive loss for the year	-	-
Balance at 30 June 2015	\$ 7,726,360	\$ 7,726,360

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus from ordinary activities after income tax expense		(394,459)	618,394
Adjustments for:			
Non cash flows in (deficit)/surplus from ordinary activities:			
Depreciation and amortisation		499,101	490,876
Impairment loss		-	-
Loss/(profit) on sale of fixed assets		406,105	(27,480)
Fair value of fixed assets acquired through business combination		-	(366,899)
Changes in Assets and Liabilities:			
(Increase) in trade and other receivables		(16,043)	(214)
Decrease in inventories		4,132	950
Decrease/(increase) in accrued income		14,194	(6,129)
Decrease/(increase) in prepaid expenses		7,780	(20,757)
(Decrease) in creditors and accruals		(35,717)	(7,109)
(Decrease) in provisions		(41,506)	(84,158)
Increase in other liabilities		3,787	3,343
Income tax paid	1(b), 4	177,728	(38,043)
Net cash provided by operating activities		<u>625,102</u>	<u>562,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		52,579	96,774
Purchase of property, plant and equipment		(2,449,549)	(434,711)
Net receipt from investments		544,591	387,049
Net cash (used in)/provided by investing activities		<u>(1,852,379)</u>	<u>49,112</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,720,625	-
Repayment of borrowings		(1,139,312)	(69,523)
Net cash provided by/(used in) financing activities		<u>581,313</u>	<u>(69,523)</u>
Net (decrease)/increase in cash held		(645,964)	542,363
Cash at the beginning of the financial year		879,545	337,182
Cash at the end of the financial year	5 (a)	<u>\$ 233,581</u>	<u>\$ 879,545</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements cover Armidale Ex-Services Memorial Club Limited as an individual entity. Armidale Ex-Services Memorial Club Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

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 oriented entities.

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

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (p).

The financial statements were authorised for issue by the directors on 9 September 2015.

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.

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvements in those goods.

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

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

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right to set-off exists and is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, and the deferred tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchange or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled with 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) 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 statement of financial position.

(e) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collect with 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis.

(g) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at cost less depreciation and impairment losses.

Plant and Equipment

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

Depreciation

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

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 13%
Plant and equipment	5 - 40%
Poker machines	20%
Bowling greens and equipment	5 - 20%

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

An assets' carrying amount is written down immediately to its recoverable amount if the assets' 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Intangibles

Poker Machine Entitlements

The poker machine entitlements shown in the accounts represent licences purchased by the club. The company holds other poker machine entitlements that have a market value. If the company were to be wound up or the number of entitlements were in excess of requirements then the poker machine entitlements would be able to be sold at the prevailing market price. Poker machine entitlements are intangible assets classified with an indefinite life. The intangible asset is subject to annual impairment testing to the higher of fair value less related costs to sell and value in use. Currently they are carried at cost.

(i) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of comprehensive income.

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

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

(j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Borrowing Costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

(l) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

(m) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements.

(n) Goods and Services Tax

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 asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(o) Business Combination

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

(p) 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, 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 (refer to the respective notes) 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.

Impairment of indefinite life intangible assets

The company assesses impairment of indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1 (m), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business Combinations

As discussed in note 1(o), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(q) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to continue their trading activities. The company has recognised a deficit after income tax of \$216,731 and positive net operating cash flows of \$652,102 for the year ended 30 June 2015 and as at that date, current liabilities exceed current assets by \$735,400.

The company is in a net current liability position largely due to the level of creditors owing at 30 June 2015 in respect of the building renovation.

In addition, the company has a pre-approved finance facility with a limit of \$2,000,000 at 30 June 2015, of which an amount of \$1,043,528 was owing, allowing for ready access to short terms funds if considered necessary by the directors and management. This facility expires on 30 April 2024.

In the unlikely event that the above results in a negative outcome, then the going concern basis may not be appropriate. No allowance for such circumstances has been made in the financial report.

(r) 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.

There were no new standards this year that had a significant impact on the company. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Note 2: Revenue			
Sales revenue:			
Bar sales		1,037,155	1,010,218
Catering and function sales		1,298,011	1,338,604
Other trading income		485,352	447,817
		<u>\$ 2,820,518</u>	<u>\$ 2,796,639</u>
Other revenue:			
Interest received from other persons		45,422	78,530
Membership subscriptions		21,347	18,734
Poker machines income		3,326,323	3,429,372
Pre-school fees received		180,666	190,834
Pre-school funding received		342,938	304,589
Profit on sale of fixed assets		-	27,480
Rent received		122,182	91,898
Other income - Club		63,315	73,605
Other income - Pre-school		6,887	21,135
		<u>\$ 4,109,080</u>	<u>\$ 4,236,177</u>
Non-operating activities:			
Gain on business combination	22	-	423,401
		<u>\$ -</u>	<u>\$ 423,401</u>
Total revenue from operating activities		<u>\$ 4,109,080</u>	<u>\$ 4,236,177</u>
Total revenue from non-operating activities		<u>\$ -</u>	<u>\$ 423,401</u>
Total revenue		<u>\$ 6,929,598</u>	<u>\$ 7,456,217</u>
Note 3: (Deficit)/Surplus before Income Tax Expense			
Expenses			
Cost of sales		<u>\$ 1,688,249</u>	<u>\$ 1,723,466</u>
Advertising and promotional expenses			
Advertising and promotions		92,705	156,530
Donations and sponsorships		272,016	182,933
Member benefits		632,898	613,104
		<u>\$ 997,619</u>	<u>\$ 952,567</u>
Depreciation expense		<u>\$ 499,101</u>	<u>\$ 490,876</u>
Loss on sale of fixed assets		<u>\$ 406,105</u>	<u>\$ -</u>
Employee benefits expense			
Payroll tax		95,093	93,386
Provision for employee entitlements		(41,506)	(110,243)
Salary and wages		2,106,886	2,204,328
Superannuation		187,120	210,811
Other staff costs		51,653	60,339
Workers compensation insurance		49,047	53,867
		<u>\$ 2,448,293</u>	<u>\$ 2,512,488</u>
Finance costs		<u>\$ 78,066</u>	<u>\$ 78,547</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Occupancy expenses			
Cleaning and waste removal		118,929	109,323
Electricity and gas		267,325	301,346
Insurance		77,870	79,925
Rates		39,955	49,440
Repairs and maintenance		109,821	135,651
Other occupancy expenses		76,536	71,847
		<u>\$ 690,436</u>	<u>\$ 747,532</u>
Other expenses			
Bad and doubtful debts		23,681	-
Computer expenses		59,764	55,399
Directors expenses and honorariums		25,865	18,640
Printing, postage and stationery		55,509	68,060
Professional fees		20,846	77,127
Subscriptions		48,780	47,632
Telephone		22,113	25,788
Other operating expenses		81,902	77,744
		<u>\$ 338,460</u>	<u>\$ 370,390</u>

Note 4: Income Tax Expense

(a) The prima facie tax on (deficit)/surplus from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on (deficit)/surplus from ordinary activities before income tax at 30% (2014:30%)		(65,019)	174,105
Add: Tax effect of;			
Non deductible exempt expenses		1,650,600	1,305,824
Non deductible expenses		148,594	91,077
Less: Tax effect of;			
Exempt income		(1,556,447)	(1,579,865)
Loss brought to account		-	(29,184)
Income tax expense/(revenue) attributable to the company		<u>\$ 177,728</u>	<u>\$ (38,043)</u>

(b) Deferred tax assets not brought to account, the benefits of which will only be recognised if the conditions for deductibility set out in Note 1(b) occur:

Current tax		-	-
Deferred tax		177,728	(38,043)
		<u>\$ 177,728</u>	<u>\$ (38,043)</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 \$	2014 \$
Note 5: Cash and Cash Equivalents		
Cash on hand - Club	119,251	101,842
Cash on hand - Pre-school	200	200
Cash at bank - Club	79,922	750,706
Cash at bank - Pre-school	34,208	26,797
	\$ 233,581	\$ 879,545
 (a) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	233,581	879,545
	\$ 233,581	\$ 879,545
 Note 6: Trade and Other Receivables		
CURRENT		
Trade receivables - Club	36,205	22,863
Trade receivables - Pre-school	8,655	5,247
Other receivables - Pre-school	66	773
	\$ 44,926	\$ 28,883
 Note 7: Inventories		
CURRENT		
Stock on Hand, at cost - Club	\$ 59,885	\$ 64,017
 Note 8: Financial assets		
CURRENT		
Held-to-maturity financial assets		
- term deposits - Club	-	589,423
- term deposits - Pre-school	119,832	75,000
	\$ 119,832	\$ 664,423
Held-to-maturity assets comprise term deposits and unsecured notes with financial institutions. There are fixed rate returns upon maturity of these assets.		
 Note 9: Other Assets		
CURRENT		
Accrued income - Club	-	9,492
Accrued income - Pre-school	7,491	12,193
Bonds paid - Club	5,500	5,000
Prepayments - Club	30,588	36,556
Prepayments - Pre-school	4,215	6,527
	\$ 47,794	\$ 69,768

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 \$	2014 \$
Note 10: Property, Plant & Equipment		
Land and Buildings (at cost)		
Capital works in progress - Club	133,907	149,336
Freehold land and buildings - Club	9,613,348	7,980,941
Less: Accumulated depreciation	<u>(3,352,949)</u>	<u>(3,294,939)</u>
	6,260,399	4,686,002
Freehold land and buildings - Pre-school	365,928	365,925
Less: Accumulated depreciation	<u>(10,556)</u>	<u>(5,180)</u>
	355,372	360,745
Buildings - Theatre Complex	987,700	987,699
Less: Accumulated depreciation	<u>(521,085)</u>	<u>(509,120)</u>
	466,615	478,579
Total Land and Buildings	<u>7,216,293</u>	<u>5,674,662</u>
Plant and Equipment (at cost)		
Plant and equipment - Club	1,655,863	1,979,129
Less: Accumulated depreciation	<u>(692,509)</u>	<u>(1,334,703)</u>
	963,354	644,426
Plant and equipment - Pre-school	53,994	49,415
Less: Accumulated depreciation	<u>(41,203)</u>	<u>(37,771)</u>
	12,791	11,644
Poker machines - Club	2,245,234	2,202,156
Less: Accumulated depreciation	<u>(1,153,248)</u>	<u>(1,241,775)</u>
	1,091,986	960,381
Motor vehicles - Club	65,906	65,188
Less: Accumulated depreciation	<u>(7,324)</u>	<u>(6,817)</u>
	58,582	58,371
Bowling greens and equipment - Club	232,115	356,218
Less: Accumulated depreciation	<u>(115,022)</u>	<u>(137,232)</u>
	117,093	218,986
Total Plant and Equipment	<u>2,243,806</u>	<u>1,893,808</u>
Total Property, Plant and Equipment	<u>\$ 9,460,099</u>	<u>\$ 7,568,470</u>

(a) Movements in carrying amounts

	Land and Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of the year	5,674,662	1,893,808	7,568,470
Additions	1,923,479	925,932	2,849,411
Disposals	(176,108)	(282,573)	(458,681)
Depreciation expense	<u>(205,740)</u>	<u>(293,361)</u>	<u>(499,101)</u>
Carrying amount at the end of the year	<u>\$ 7,216,293</u>	<u>\$ 2,243,806</u>	<u>\$ 9,460,099</u>

(b) No impairment has been recognised in respect of plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 \$	2014 \$
Note 11: Intangible Assets		
Poker machine entitlements (at cost)	60,000	60,000
	\$ 60,000	\$ 60,000

Poker Machine Entitlements

Poker machine entitlements are assessed as having an indefinite useful life. The measurement and recognition criteria is outlined in Note 1 to the financial statements

Poker machine entitlements have been impairment tested using calculations of the higher of fair value, less costs to realise, and value in use. The directors believe that the carrying amount of poker machine entitlements are not impaired and annual impairment testing will be conducted at 30 June 2016.

Note 12: Trade and Other Payables

CURRENT

Unsecured liabilities:

Trade payables - Club	243,495	235,021
Capital works payables - Club	506,093	106,231
Poker machine duty payable - Club	47,286	46,428
Sundry payables and accrued expenses - Club	205,699	155,463
Sundry payables and accrued expenses - Pre-school	38,755	19,107
GST and PAYG payable - Club	(6,520)	107,862
GST and PAYG payable - Pre-school	2,598	3,149
	\$ 1,037,406	\$ 673,261

Note 13: Borrowings

CURRENT

Secured liabilities:

Hire purchase liability - Club	-	76,131
	-	76,131

NON-CURRENT

Secured liabilities:

Bank loan	1,043,528	-
Hire purchase liability - Club	-	386,082
	1,043,528	386,082

Total Borrowings

\$ 1,043,528	\$ 462,213
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(a) Total current and non-current secured liabilities:

Bank loan	1,043,528	-
Hire purchase liability	-	462,213
	\$ 1,043,528	\$ 462,213

(b) Hire purchase liabilities are secured by the underlying leased assets.

(c) The amount of the loan not drawn down is \$956,473. These funds are readily available to the club.

(d) The loan is subject to a number of covenants. These covenants include :

- Providing NAB with audited financial statements within 200 days of financial year end
- Maintaining and EBITDA of not less than 15 times
- with 31 days of half year provide NAB with Management accounts
- Providing NAB with un-audited management reports within 200 days of financial year end

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Note 14: Tax assets			
(a) Assets			
NON-CURRENT			
Deferred tax asset		\$ 28,931	\$ 206,659
Note 15: Employee Benefits			
CURRENT			
Employee benefits - Club		136,312	182,562
Employee benefits - Pre-school		46,617	25,281
		<u>\$ 182,929</u>	<u>\$ 207,843</u>
NON-CURRENT			
Employee benefits - Club		14,417	21,054
Employee benefits - Pre-school		5,124	15,078
		<u>\$ 19,541</u>	<u>\$ 36,132</u>
Provision for employee benefits			
A provision has been recognised for employee entitlements relating to annual and long service leave. 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 on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.			
Note 16: Other Liabilities			
CURRENT			
Other income received in advance - Club		15,010	17,518
Other income received in advance - Pre-school		6,073	2,363
		<u>\$ 21,083</u>	<u>\$ 19,881</u>
NON-CURRENT			
Other income received in advance - Club		24,201	21,616
		<u>\$ 24,201</u>	<u>\$ 21,616</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Note 17: Capital and Leasing Commitments			
(a) Finance Lease Commitments			
Payable - minimum lease payments:			
- not later than 12 months		-	74,986
- between 12 months and five years		-	456,202
Minimum lease payments		-	531,188
Less: future finance charges		-	(68,975)
Present value of minimum lease payments	13 (a)	\$ -	\$ 462,213

The club has a number of hire purchase liabilities in place.

(b) Capital Expenditure Commitments

As at 30 June 2015, the company has committed to an additional 5 poker machines at a cost of \$154,682 including GST.

Note 18: Motel Development

Whilst no contracts have been exchanged, the company is currently continuing to negotiate with Council for the construction of a motel complex. An amount of \$133 907 remains as a component of the capital works in progress. \$80,061 of which are still motel expenses. A further assessment of impairment was conducted by the directors for the year ended 30 June 2015 and no

Note 19: Events After the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which 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.

Note 20: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets

Cash and cash equivalents	5	233,581	879,545
Loans and receivables	6	44,926	28,883
Held-to-maturity financial assets	8	119,832	664,423
		\$ 398,339	\$ 1,572,851

Financial liabilities

Financial liabilities at amortised cost:			
Trade and other payables	12	1,037,406	673,261
Borrowings	13	1,043,528	462,213
		\$ 2,080,934	\$ 1,135,474

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 \$	2014 \$
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Note 21: Related Party Transactions

Key Management Personnel

The totals of remuneration paid to key management personnel (KMP) during the year are as follows:

Key management personnel compensation

Short term benefits

665,043	485,918
<u>\$ 665,043</u>	<u>\$ 485,918</u>

Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties were:

Director, G McCarroll, has an interest in a motor dealership that provides services to the club

\$ 11,698	\$ -
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Director, B Everett, has an interest in a fire and safety business and a security business that provides services to the club.

\$ 92,930	\$ 30,151
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Director, M Bullen, has an interest in a bicycle centre that provides services to the club.

\$ 1,033	\$ -
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Note 22: Business Combinations

On 1 July 2013, Armidale Ex Services Memorial Club Limited, acquired the operations of Hobbit New England Pre-school and Child Care Centre Inc. The combination resulted in a gain of \$423,401 being the fair value of the net assets acquired under the Business Combination. The business combination was undertaken on a contract alone basis and no consideration was paid to Hobbit New England Pre-School and Child Care Centre Inc. for the purchase of the pre-school business.

Details of the acquisition are as follows:

Cash and cash equivalents	86,191
Trade receivables	9,814
Land and buildings	360,000
Plant and equipment	6,899
Trade payables	(11,411)
Employee benefits	(26,085)
Income in advance	(2,007)
Net assets acquired	<u>423,401</u>
Goodwill	-
Acquisition-date fair value of the total consideration transferred	<u>\$ 423,401</u>
Representing:	
Transfer of net assets	<u>\$ 423,401</u>

Note 23: Company Details

The club is incorporated and domiciled in Australia as a company limited by guarantee.

The registered office and principal place of business is:

Armidale Ex Services Memorial Club Limited
 137 Dumaresq Street
 ARMIDALE NSW 2350

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD
ABN 61 000 979 377

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2015

The directors of the company declare that:

1. the financial statements and notes, as set out in pages 5 to 24, are in accordance with the Corporations Act 2001, and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Brian D Everett
President



Mark D Bullen
Vice President

Dated: 9 September 2015

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

ABN 61 000 979 377

Report on the financial report

We have audited the accompanying financial report of Armidale Ex-Services Memorial Club Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statements 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 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 risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

ABN 61 000 979 377

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 provided to the directors of Armidale Ex-Services Memorial Club Ltd, would be in the same terms if given to the directors as at the time of this auditors' report.

Audit Opinion

In our opinion the financial report of Armidale Ex-Services Memorial Club Ltd is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- b) complying with Australian Accounting Standards Reduced Disclosure Requirements as described in Note 1 and the Corporations Regulations 2001.

Crowe Horwath Central North

CROWE HORWATH CENTRAL NORTH



Leah J Russell
Registered Company Auditor (ASIC RAN 299077)
90 Rusden Street
ARMIDALE NSW 2350

Dated: 24 September 2015

SUMMARY OF 10 YEAR HISTORY

Year	Assets	Liabilities	Net Assets	Gross Receipts	Administrative & General Expenses	Taxes & Licence Fees	Donations Welfare & Sports Grants	Cash Flow Operating Surplus	Depreciation & Provisions	Net Profit After Tax
2006	8,365,742	724,199	7,641,543	6,257,386	3,845,935	621,035	13,396	789,997	364,864	439,683
2007	8,949,661	1,005,534	7,944,127	6,615,757	1,786,611	715,794	47,159	1,018,531	430,170	302,584
2008	8,741,182	878,093	7,863,089	6,689,176	2,040,619	655,736	47,216	176,751	550,475	(81,037)
2009	8,628,920	844,685	7,784,235	6,045,896	2,591,287	617,397	40,621	259,835	450,925	(78,854)
2010	8,609,155	728,474	7,880,681	5,408,821	3,019,981	599,089	97,097	434,559	334,286	96,446
2011	9,321,296	1,542,277	7,779,019	5,265,956	3,051,344	594,218	89,338	233,518	380,320	(74,206)
2012	9,306,675	1,420,126	7,886,549	5,531,269	2,971,373	629,074	137,357	560,878	450,916	107,530
2013	8,974,586	1,472,181	7,502,425	6,248,133	3,584,096	557,560	159,126	396,509	693,260	(384,124)
2014	9,541,765	1,420,946	8,120,819	7,456,217	3,455,338	642,621	182,932	669,004	380,633	618,394
2015	10,055,048	2,328,688	7,726,360	6,929,598	3,483,365	838,999	272,016	625,102	457,595	(394,459)