

# NOTICE OF ANNUAL GENERAL MEETING AND RESOLUTIONS

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**NOTICE** is hereby given of the Annual General Meeting of **ARMIDALE EX SERVICES MEMORIAL CLUB LIMITED** to be held on **Sunday 27 October 2013** 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.
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## 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 21 October 2012.
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](http://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 18 October 2013**. 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 consider the Special Resolutions set out in this Notice.
  6. To deal with any other business of which due notice has been given to members.
  7. General business.
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# Ordinary & Special Resolutions

## 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.

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### **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.
  - (ii) Vice President - \$2,000.
  - (iii) Ordinary Directors - \$1,500 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.

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## SPECIAL RESOLUTIONS

### Procedural Notes on Special Resolutions

1. Each Special Resolution will be considered separately.
2. To be passed, a Special Resolution must receive votes in favour from not less than three-quarters (75%) of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.
3. Only Life members, financial Service members and financial General members (who have been members of the Club for the ten (10) calendar years immediately preceding the date on which the Special Resolutions are to be considered) are eligible to vote on the Special Resolutions.
4. Under the Registered Clubs Act:
  - (a) members who are employees of the Club are not entitled to vote; and
  - (b) proxy voting is prohibited.

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## FIRST SPECIAL RESOLUTION

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

That the Constitution of Armidale Ex Services Memorial Club Limited be amended by:

- (a) **inserting** the following new Rule 36E:

*"36E Any person who is elected or appointed to the Board must, unless exempted, complete such mandatory training for directors as required by the Registered Clubs Act."*

- (b) **inserting** the following new Rule 52(i):

*"(i) if he or she fails to complete the mandatory training requirements for directors referred to Rule 36E within the period prescribed by the Registered Clubs Act (unless exempted)."*

## Notes to Members on the First Special Resolution

1. The First Special Resolution proposes to insert new provisions relating to mandatory training requirements for directors to bring the Constitution into line with recent amendments to the *Registered Clubs Act*.

2. The new provisions clarify that:

- (a) persons who are elected or appointed to the Board must (unless exempted) undertake the mandatory training requirements for directors as prescribed by the *Registered Clubs Act*; and
- (b) if a person who is elected or appointed to the Board does not complete the mandatory training, they automatically cease to hold office on the Club's Board (unless they have been exempted from completing the training).

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## SECOND SPECIAL RESOLUTION

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

That the Constitution of Armidale Ex Services Memorial Club Limited be amended by:

(a) **deleting** Rule 36 and in lieu thereof **inserting** the following new Rule 36.

“36 (a) *Subject to Rule 36(b), the Board shall consist of seven (7) directors comprising a President, Vice President and five (5) ordinary directors, provided that the Board may, from time to time, appoint a Treasurer from among their number in accordance with Rule 40(a1).*

(b) *For the purpose of section 30(1)(b)(1) of the Registered Clubs Act, the Board may appoint up to two (2) persons (in addition to those directors referred to in Rule 36(a)) to be members of the Board. For the avoidance of doubt, those persons may or may not have the qualifications referred to in Rule 36B. The provisions in the Registered Clubs Act and Regulations shall apply in respect of an appointment to the Board in accordance with this Rule.*”

(b) **inserting** at the beginning of Rule 36B the words “*Subject to Rule 36(b),*”.

(c) **deleting** from Rule 37 the words “The Board shall be elected” and in lieu thereof **inserting** the words “The directors referred to in Rule 36(a) shall be elected”.

(d) **deleting** from Rule 38 the words “The election of the Board” and in lieu thereof **inserting** the words “The election of the directors referred to in Rule 36(a)”.

(e) **deleting** from Rule 42 the words “*five (5) members personally present*” and in lieu thereof **inserting** the words “*four (4) members of the Board*”.

## Notes to Members on the Second Special Resolution

1. The Second Special Resolution proposes to:
  - (a) reduce the number of directors on the Board; and
  - (b) reduce the quorum required for a Board meeting;
  - (c) provide the Board with the power to appoint up to two (2) directors to the Board (who are not elected by members and may not have the qualifications to be elected or appointed to the Board).

## Composition of the Board

2. At present the Board is made up of nine (9) directors comprising a President, Vice President and seven (7) ordinary directors. Each member of the Board is elected by members.
3. If the Second Special Resolution is passed then the number of directors will be reduced from nine (9) to seven (7) and the Board will be made up of a President, Vice President and five (5) ordinary directors. Each of those Board members will be elected by members.
4. It is proposed to reduce the number of directors on the Club's Board as it is becoming increasingly difficult to find suitable persons with the time and energy required to be a director of the Club. The Board also believes that a smaller more focused Board is in the best interests of the Club.

## Quorum for Board Meetings

5. At present the quorum required for a meeting of the Board is five (5) directors personally present.
6. If the Second Special Resolution is passed then, consistent with the reduction in the number of directors from nine (9) to seven (7), the quorum required for a meeting of the Board will be reduced from five (5) to four (4).

## Board Appointed Directors

7. The *Registered Clubs Act* was recently amended to permit club constitutions to be amended to enable boards of registered clubs to appoint up to two (2) directors (who are not elected by members and may or may not have the qualifications to be elected or appointed to the Board). If a club's constitution is amended in this manner:
  - (a) the Board is not required to appoint the persons to the Board. However, it may do so if it wishes; and
  - (b) any person appointed by the Board will hold office for such period as the Board may determine. However, they must retire when the other directors retire.
8. The purpose of the amendment is to allow boards to identify persons with particular skills, expertise and experience which may be beneficial to the Club and to allow the Board to appoint those persons to the Board (not members).

9. For example, the Club may undertake a major construction project in the future and none of the directors at the time may have expertise in construction. This amendment allows the Board to identify and appoint a person or persons with expertise in construction who will be able to assist the Club in completing the construction project.

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### THIRD SPECIAL RESOLUTION

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

That Constitution of Armidale Ex Services Memorial Club Limited be amended by **inserting** the following new clause 3(cc) into the Memorandum of Association:

*“(cc) To establish, engage in, undertake and conduct any lawful business pursuits (in addition to operating a registered club) that may be expedient including, but not limited to, a cinema, childcare facility and motel.”*

### Notes to Members on the Third Special Resolution

1. The Third Special Resolution proposes to slightly amend the objects of the Club to clarify that the Club may undertake alternative business pursuits in addition to operating a registered club.
2. In response to the various challenges facing the club industry, the Club made a proactive decision to diversify its business pursuits and seek additional revenue streams.
3. In regard to this, the Club now owns a cinema and owns and operates a childcare facility and may further diversify its business pursuits in the future to include a motel.
4. Although the *Corporations Act* provides the Club with the power to do anything lawful (including undertaking alternative business pursuits), the Board considers it appropriate to include a reference to those alternative business pursuits in the Club's objects.

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Dated: 11 September 2013

By direction of the Board



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Scott Sullivan  
Chief Executive Officer

## Presidents Report

It is with honour I find myself writing my first report as President of the Armidale Ex Services Memorial Club especially as it celebrates its Diamond Jubilee, 60 years of serving the Armidale community.

I would firstly like to thank outgoing President Kevin Fletcher, who is retiring from the board due to ill health. Kevin has served on the board of Armidale Ex Services Memorial Club since November 2001 and served as President from June 2008 until November 2012. I would like to take this opportunity on behalf of all the members of the club to thank Kevin for his tireless work on the board and wish Kevin and Shirley well in their future endeavours.

It was with much sadness that I accepted former CEO Bob Ryan's resignation. Bob is also retiring due to ill health. During his time as CEO Bob was instrumental in refining and improving the Club through the refurbishment of the clubs interior; the establishment of a kids play room and upgrading the air-conditioning system, to name just a few of his achievements. When Bob took charge of the Club in 2006 it was a difficult time for the Club and without Bob and the systems he and his team put in place we may well have become one of the many statistic of clubs forced to amalgamate or close.

February 2013 saw Scott Sullivan, the clubs former accountant appointed as CEO. Scott is very enthusiastic about the direction of the Club and with his Deputy CEO Troy Gale I am sure the future management of the club is in good hands.

Although the club did make a loss for the financial year I believe it is important during these tough economic times that the club continues to look to the future, investing in infrastructure, putting money back in to the community through rewards to its members, supporting local business, charities & sporting clubs and seeking out business ventures that are mutually beneficial to our members.

The board of the Armidale Ex Services Memorial Club are keen to invest in improving the club and securing its future. In 2013 the board, in consultation with management and staff, have invested heavily in improving bistro service, gaming machine upgrades, the introduction of cashless gaming machines and the renovation of the main bar.

This has been both a challenging and rewarding year for me. I am grateful for the support of the Board of Directors. I especially want to thank the staff, the backbone of our Club who cheerfully make the Armidale Ex Services Memorial Club a special organisation.



Brian Everett  
President

# Chief Executive Officers Report

My return in January 2013 to the Armidale Ex Services Memorial Club Ltd as the Club's Chief Executive Officer (CEO), having previously been employed as the Club's Finance Manager for the period 2003 - 2006, is a role that I take on with much passion, pride and enthusiasm.

Unfortunately, it is with no pleasure that in my first report as the Club's CEO I have to advise that the Club's operating financial result (before income tax) for the year was a loss of \$255,049. Further to this operating loss, the Club was also required to write-off \$223,151 of capital works expenditure in relation to the proposed motel development. This write-off was required as a result of the development application having been unsuccessful and due to the extended passage of time since some of these costs were initially incurred.

Whilst the main bar refurbishment is an enhancement and refreshing facility within the Club, it is unfortunate that some of the Club's financial result can be attributed to a significant downturn in bar sales which occurred during the extended construction period. The main bar refurbishment has not been the only major capital works within the Club during the year. In April 2013 the Club also installed a new poker machine and membership reward software system which resulted in the major enhancement of "ticket in – ticket out" operations across our poker machine area.

I do not wish to dwell on the past for I am a believer that "if you keep looking back you will trip over the future because you won't see what's in front of you". Since I commenced as CEO of the Club, various people have enquired about the future plans and directions of the Club. With the above statement in mind, my vision for the Club is:

- To be the hospitality venue of choice in Armidale by providing exceptional service, facilities and food.
- To be the "Home of Entertainment" by bring a vast array of concerts and live entertainment on a regular basis to the Club.
- To "give more back to our members". That does not just mean financially but by providing our members with additional services within the Club - entertainment, promotions and community support and involvement.
- To bring viable business diversification prospects to reality (i.e. motel development) in order to reduce the reliance on the current revenue sources of the Club.

May I also take this opportunity to clarify the current status of some of the business diversifications previously reported:

- ❖ Motel Development – as reported above, whilst the Club was required to write-off \$223,151 in relation to the initial development application with

Council, we will continue to liaise with Council to hopefully find a suitable resolution at minimal further cost to the Club until such time as a known resolution is found.

- ❖ Cinema – whilst it was previously reported that the Club's intention was to return the business operations of the cinema to the Club, the cinema operations will continue to be leased and remain with Services UNE. Recently Services UNE upgraded, at a substantial cost, the film equipment and I have also been advised that further internal refurbishment and upgrades are also planned to further enhance the Cinema.
- ❖ Hobbit Pre School & Child Care Centre – for the past few years, under a deed of agreement, the Club has overseen the governance and financial management of the Hobbit Pre School & Childcare Centre. I am now able to report to members that the finalisation of the actual transfer of land, business assets and operations along with the childcare license to the Club, in accordance with the deed of agreement, occurred on the 29<sup>th</sup> July 2013.

I would like to thank all the staff and management team of the Club for your efforts and support and, whilst I can envisage we may face various challenges ahead, I am sure that, if we continue to work together in our roles, we will be a very successful team.

I would also like to thank the Board for entrusting me with the role of CEO of the Club and for their help, guidance and cooperation over the past eight (8) months. This has assisted me greatly with my transition into this role.

Finally I would like to thank members for their friendliness and support given since my commencement as the Club's CEO. The Club is only as strong as its membership base so member's satisfaction and return patronage are key factors in our future success. I will continue to encourage all members to provide feedback about their experiences and any objective suggestions via the member feedback cards throughout the club or simply by speaking to me or one of our management team. This feedback will hopefully help us in time deliver the services, facilities and outcomes that our members are looking for at "their Club"!



Scott Sullivan  
Chief Executive Officer

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2013**

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Your directors present their report on the company for the financial year ended 30 June 2013.

**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

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

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**  
**ABN 61 000 979 377**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**Performance Measurement**

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

- Loss, after income tax expense, for the financial year was \$384,124 (2012: profit \$107,530)
- Cash flow from operating activities for the financial year was \$396,509 (2012: \$560,878)
- Membership for the financial year was 9,650

**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.
Thomas (Bill) W Knight	Treasurer	Appointed 26 October 2003	Retired transport proprietor and brick and tile wholesaler
Mark D Bullen	Vice President	Appointed 12 October 2007	Self employed bicycle shop proprietor
John M Hamel	Director	Appointed 17 October 2004	Self employed grazier
Ashley Clee	Director	Appointed 29 February 2012	Chartered Accountant
Craig Archer	Director	Appointed 24 April 2012	Accountant and former business owner
Kevin J Fletcher	Director	Appointed 29 November 2001 Resigned 28 November 2012	Self employed builder. Resigned as President on 28 November 2012.
Elisabeth M Lankester	Director	Appointed 26 October 2008 Resigned 3 March 2013	Retired ex-Navy
Tim Robins	Director	Appointed 29 August 2012 Resigned 23 January 2013	Electrician

# ARMIDALE EX-SERVICES MEMORIAL CLUB LTD

ABN 61 000 979 377

## DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 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	12
Thomas (Bill) W Knight	16	8
Mark D Bullen	16	14
John M Hamel	16	16
Ashley Clee	16	16
Craig Archer	16	15
Kevin J Fletcher	6	5
Elisabeth M Lankester	11	10
Tim Robins	7	5

### 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	9,287	\$ 1	\$ 9,287
Service Members	357	\$ 1	\$ 357
Honorary Members	-	\$ 1	\$ -
Junior Members	4	\$ 1	\$ 4
Life Members	2	\$ 1	\$ 2
Total	9,650	\$ 1	\$ 9,650

### 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: 11 September 2013

**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 2013 there have been:

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

*Crowe Horwath Central North*

**CROWE HORWATH CENTRAL NORTH**



Logan Meehan  
Audit Principal  
90 Rusden Street  
ARMIDALE NSW  
2350

Dated: 11 September 2013

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Sales revenue	2	2,653,813	1,850,971
Cost of goods sold	3	<u>(1,638,215)</u>	<u>(1,237,096)</u>
Gross profit		<u>1,015,598</u>	<u>613,875</u>
Other revenue	2	3,594,320	3,682,375
Advertising and promotional expenses	3	(821,043)	(734,846)
Depreciation expense	3	(433,167)	(437,567)
Impairment Loss	3	(223,151)	-
Employee benefits expense	3	(2,457,452)	(2,024,292)
Finance costs	3	(67,422)	(73,231)
Occupancy costs	3	(759,155)	(677,832)
Other expenses	3	<u>(326,728)</u>	<u>(286,176)</u>
<b>(Loss)/profit before income tax expense</b>		<b>(478,200)</b>	<b>62,306</b>
Income tax revenue	1(a), 4	<u>94,076</u>	<u>45,224</u>
<b>(Loss)/profit after income tax revenue (expense)</b>		<b><u>(384,124)</u></b>	<b><u>107,530</u></b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(deficit) for the year</b>		<b><u>\$ (384,124)</u></b>	<b><u>\$ 107,530</u></b>

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	337,182	268,282
Trade and other receivables	6	28,669	21,929
Inventories	7	64,967	50,798
Financial assets	8	1,051,472	1,864,910
Other current assets	9	42,882	54,812
<b>TOTAL CURRENT ASSETS</b>		<b>1,525,172</b>	<b>2,260,731</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	7,220,799	6,877,005
Deferred tax assets	14	168,615	108,939
Intangible assets	11	60,000	60,000
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,449,414</b>	<b>7,045,944</b>
<b>TOTAL ASSETS</b>		<b>8,974,586</b>	<b>9,306,675</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	574,139	386,181
Borrowings	13	69,479	139,147
Current tax liabilities	14	-	34,400
Provisions	15	278,398	260,981
Other liabilities	16	14,733	11,051
<b>TOTAL CURRENT LIABILITIES</b>		<b>936,749</b>	<b>831,760</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	13	462,257	526,184
Provisions	15	49,734	40,210
Other liabilities	16	23,421	21,972
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>535,412</b>	<b>588,366</b>
<b>TOTAL LIABILITIES</b>		<b>1,472,161</b>	<b>1,420,126</b>
<b>NET ASSETS</b>		<b>\$ 7,502,425</b>	<b>\$ 7,886,549</b>
<b>EQUITY</b>			
Retained earnings		7,502,425	7,886,549
<b>TOTAL EQUITY</b>		<b>\$ 7,502,425</b>	<b>\$ 7,886,549</b>

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD

ABN 61 000 979 377

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013

	Retained Earnings \$	Total \$
<b>Balance at 1 July 2011</b>	7,779,019	7,779,019
(Loss)/profit after income tax revenue (expense)	107,530	107,530
Total other comprehensive income for the year	-	-
Derecognition of deferred tax asset	-	-
<b>Balance at 30 June 2012</b>	<u>\$ 7,886,549</u>	<u>\$ 7,886,549</u>
(Loss)/profit after income tax revenue (expense)	(384,124)	(384,124)
Total other comprehensive income for the year	-	-
Derecognition of deferred tax asset	-	-
<b>Balance at 30 June 2013</b>	<u>\$ 7,502,425</u>	<u>\$ 7,502,425</u>

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit from ordinary activities after income tax expense		<b>(384,124)</b>	107,530
Adjustments for:			
Non cash flows in profit from ordinary activities:			
Depreciation and amortisation		<b>433,167</b>	437,567
Impairment loss		<b>223,151</b>	-
(Profit)/Loss on sale of fixed assets		<b>7,340</b>	327
Changes in Assets and Liabilities:			
(Increase)/decrease in trade and other receivables		<b>(6,740)</b>	(1,410)
(Increase)/decrease in inventories		<b>(14,169)</b>	9,259
(Increase)/decrease in accrued income		<b>13,956</b>	15,652
(Increase)/decrease in prepaid expenses		<b>(2,026)</b>	19,385
Increase/(decrease) in creditors and accruals		<b>187,958</b>	8,248
Increase/(decrease) in provisions		<b>26,941</b>	13,348
Increase/(decrease) in other liabilities		<b>5,131</b>	(3,804)
Income tax paid	1(a), 4	<b>(94,076)</b>	(45,224)
Net cash provided by operating activities		<b>396,509</b>	560,878
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		<b>2,254</b>	354
Purchase of property, plant and equipment		<b>(1,009,706)</b>	(186,807)
(Payments for)/Receipt from investments		<b>813,438</b>	(110,241)
Net cash provided by (used in) investing activities		<b>(194,014)</b>	(296,694)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		<b>(133,595)</b>	(174,343)
Net cash used in financing activities		<b>(133,595)</b>	(174,343)
Net increase (decrease) in cash held		<b>68,900</b>	89,841
Cash at the beginning of the financial year		<b>268,282</b>	178,441
Cash at the end of the financial year	5 (a)	<b>\$ 337,182</b>	\$ 268,282

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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**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.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

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 financial statements were authorised for issue by the directors on 11 September 2013.

**Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

**(a) 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.

**(b) Inventories**

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

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**(c) Property, Plant and Equipment**

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

**Property**

Freehold land and buildings are shown at cost less 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.

**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.

**(d) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss' in which case transactions costs are expensed to the statement of comprehensive income immediately.

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions.

*(i) Financial assets at fair value through profit and loss.*

Financial assets are classified as 'fair value through profit and loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the profit or loss.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the financial asset is derecognised.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investment to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the financial asset is derecognised.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into the profit or loss.

Available-for-sale financial assets are included in non-current assets except for those which are expected to be disposed within 12 months after the end of the reporting period, which will be classified as current assets.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of comprehensive income.

**(e) 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.

**(f) 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.

**(g) 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.

**(h) 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.

**(i) 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**(j) 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.

Dividend revenue is recognised when the right to received a divided has been established.

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

**(k) 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(d) for further discussion on the determination of impairment losses.

**(l) 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.

**(m) Borrowing Costs**

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**(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) Comparative Figures**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**(p) Critical Accounting Estimates and Judgements**

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

Key judgments — Doubtful debts provision

Included in accounts receivable at 30 June 2013 are amounts receivable from various accounts which have been considered doubtful and a provision has been estimated and maintained for these amounts.

Key estimates — Impairment

The directors assess impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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**NOTES TO THE FINANCIAL STATEMENTS  
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	<b>Note</b>	<b>2013 \$</b>	<b>2012 \$</b>
<b>Note 2: Revenue</b>			
Operating activities:			
Bar sales		962,327	990,936
Catering and function sales		1,310,213	443,122
Poker machines income		3,367,944	3,394,442
Other trading income		381,273	416,913
Membership subscriptions		15,435	18,561
Rent received		91,898	118,398
Other income		33,576	37,417
Total revenue from operating activities		<u>6,162,666</u>	<u>5,419,789</u>
Non-operating activities:			
Interest received from other persons		92,807	113,884
Profit/(loss) on sale of fixed assets		(7,340)	(327)
Total revenue from non-operating activities		<u>85,467</u>	<u>113,557</u>
Total revenue		<u>\$ 6,248,133</u>	<u>\$ 5,533,346</u>
<b>Note 3: (Loss)/Profit Before Income Tax Expense</b>			
Expenses			
Cost of sales		<u>\$ 1,638,215</u>	<u>\$ 1,237,096</u>
Advertising and promotional expenses			
Advertising and promotions		150,191	131,962
Donations and sponsorships		159,126	137,357
Member benefits		511,726	465,527
		<u>\$ 821,043</u>	<u>\$ 734,846</u>
Depreciation expense		<u>\$ 433,167</u>	<u>\$ 437,567</u>
Impairment loss		<u>\$ 223,151</u>	<u>\$ -</u>
Employee benefits expense			
Payroll tax		78,879	59,616
Provision for employee entitlements		26,942	13,349
Salary and wages		2,040,790	1,698,538
Superannuation		181,873	150,376
Other staff costs		72,050	58,733
Workers compensation insurance		56,918	43,680
		<u>\$ 2,457,452</u>	<u>\$ 2,024,292</u>
Finance costs		<u>\$ 67,422</u>	<u>\$ 73,231</u>
Occupancy expenses			
Cleaning and waste removal		94,046	76,175
Electricity and gas		350,631	308,241
Insurance		62,063	81,423
Rates		31,422	29,007
Repairs and maintenance		127,466	102,401
Other occupancy expenses		93,527	80,585
		<u>\$ 759,155</u>	<u>\$ 677,832</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
Other expenses			
Bad and doubtful debts		<b>5,901</b>	(205)
Computer expenses		<b>40,090</b>	53,896
Directors expenses and honorariums		<b>18,235</b>	14,104
Printing, postage and stationery		<b>65,195</b>	67,301
Professional fees		<b>98,439</b>	51,003
Subscriptions		<b>50,727</b>	45,598
Telephone		<b>22,176</b>	19,213
Other operating expenses		<b>25,965</b>	35,266
		<b>\$ 326,728</b>	<b>\$ 286,176</b>

**Note 4: Income Tax Expense**

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

Prima facie tax payable on (loss)/profit from ordinary activities before income tax at 30% (2012:30%)	<b>(143,460)</b>	18,692
Add: Tax effect of;		
Mutuality adjustments	<b>17,303</b>	-
Overprovision for tax in previous year	<b>34,400</b>	-
	<b>(91,757)</b>	18,692
Less: Tax effect of;		
Mutuality adjustments	-	48,807
Loss brought into account	<b>2,319</b>	15,109
	<b>2,319</b>	63,916
Income tax expense/(revenue) attributable to the company	<b>\$ (94,076)</b>	<b>\$ (45,224)</b>

(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(a) occur:

Current tax	-	34,400
Deferred tax	<b>(59,676)</b>	(79,624)
Overprovision for tax in previous year	<b>(34,400)</b>	-
	<b>\$ (94,076)</b>	<b>\$ (45,224)</b>

**Note 5: Cash and Cash Equivalents**

Cash on hand	<b>108,882</b>	108,812
Cash at bank	<b>228,300</b>	159,470
	<b>\$ 337,182</b>	<b>\$ 268,282</b>

(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	<b>337,182</b>	268,282
	<b>\$ 337,182</b>	<b>\$ 268,282</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2013 \$	2012 \$
<b>Note 6: Trade and Other Receivables</b>			
CURRENT			
Trade receivables		<u>\$ 28,669</u>	<u>\$ 21,929</u>
<b>Note 7: Inventories</b>			
CURRENT			
Stock on Hand, at cost:		<u>\$ 64,967</u>	<u>\$ 50,798</u>
<b>Note 8: Financial assets</b>			
CURRENT			
Held-to-maturity financial assets - term deposits		<u>\$ 1,051,472</u>	<u>\$ 1,864,910</u>
Held-to-maturity assets comprise term deposits and unsecured notes with financial institutions. There are fixed rate returns upon maturity of these assets.			
<b>Note 9: Other Assets</b>			
CURRENT			
Accrued income		15,556	29,512
Bonds paid		5,500	5,500
Prepayments		<u>21,826</u>	<u>19,800</u>
		<u>\$ 42,882</u>	<u>\$ 54,812</u>

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	<b>Note</b>	<b>2013 \$</b>	<b>2012 \$</b>
<b>Note 10: Property, Plant &amp; Equipment</b>			
Land and Buildings (at cost)			
Capital works in progress	18	<u>79,945</u>	302,649
Freehold land and buildings		<u>7,976,791</u>	7,549,742
Less: Accumulated depreciation		<u>(3,124,075)</u>	(2,968,863)
		<u>4,852,716</u>	4,580,879
Buildings - Theatre Complex		<u>987,699</u>	987,700
Less: Accumulated depreciation		<u>(496,848)</u>	(484,261)
		<u>490,851</u>	503,439
<b>Total Land and Buildings</b>		<u><b>5,423,512</b></u>	5,386,967
Plant and Equipment (at cost)			
Plant and equipment		<u>1,933,524</u>	1,796,296
Less: Accumulated depreciation		<u>(1,256,532)</u>	(1,148,522)
		<u>676,992</u>	647,774
Poker machines		<u>2,023,425</u>	1,688,020
Less: Accumulated depreciation		<u>(1,180,445)</u>	(1,146,922)
		<u>842,980</u>	541,098
Motor vehicles		<u>79,950</u>	79,951
Less: Accumulated depreciation		<u>(38,287)</u>	(32,767)
		<u>41,663</u>	47,184
Bowling greens and equipment		<u>356,218</u>	356,218
Less: Accumulated depreciation		<u>(120,566)</u>	(102,236)
		<u>235,652</u>	253,982
<b>Total Plant and Equipment</b>		<u><b>1,797,287</b></u>	1,490,038
<b>Total Property, Plant and Equipment</b>		<u><b>\$ 7,220,799</b></u>	<u><b>\$ 6,877,005</b></u>

**(a) Movements in carrying amounts**

	<b>Land and Buildings</b>	<b>Plant and Equipment</b>	<b>Total</b>
Balance at the beginning of the year	5,386,967	1,490,038	6,877,005
Additions	427,494	582,212	1,009,706
Disposals	-	(9,594)	(9,594)
Depreciation expense	(167,798)	(265,369)	(433,167)
Impairment loss	(223,151)	-	(223,151)
<b>Carrying amount at the end of the year</b>	<u><b>\$ 5,423,512</b></u>	<u><b>\$ 1,797,287</b></u>	<u><b>\$ 7,220,799</b></u>

(b) An independent valuation of Land and Buildings was undertaken on 10 February 2013 by Peter J Spackman AAPT, registered valuer number 1190. From this valuation, the value of land, building and site improvements was valued at \$7,000,000. This valuation has not been booked in the financial statements.

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

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	<b>Note</b>	<b>2013 \$</b>	<b>2012 \$</b>
<b>Note 11: Intangible Assets</b>			
Poker machine entitlements (at cost)		<b>60,000</b>	60,000
Less: accumulated impairment losses		<u>-</u>	<u>-</u>
		<b><u>\$ 60,000</u></b>	<b><u>\$ 60,000</u></b>
<b>Poker Machine Entitlements</b>			
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 2014.			
<b>Note 12: Trade and Other Payables</b>			
CURRENT			
Unsecured liabilities;			
Trade payables		<b>379,786</b>	154,579
Poker machine duty payable		<b>44,939</b>	47,742
Sundry payables and accrued expenses		<b>85,650</b>	88,474
GST and PAYG payable		<b><u>63,764</u></b>	<u>95,386</u>
		<b><u>\$ 574,139</u></b>	<b><u>\$ 386,181</u></b>
<b>Note 13: Borrowings</b>			
CURRENT			
Secured liabilities:			
Hire purchase liability		<b><u>69,479</u></b>	<u>139,147</u>
		<b><u>69,479</u></b>	<u>139,147</u>
NON-CURRENT			
Secured liabilities:			
Hire purchase liability		<b><u>462,257</u></b>	<u>526,184</u>
		<b><u>462,257</u></b>	<u>526,184</u>
Total Borrowings		<b><u>\$ 531,736</u></b>	<b><u>\$ 665,331</u></b>
(a) Total current and non-current secured liabilities:			
Hire purchase liability		<b><u>531,736</u></b>	<u>665,331</u>
		<b><u>\$ 531,736</u></b>	<b><u>\$ 665,331</u></b>
(b) Hire purchase liabilities are secured by the underlying leased assets.			

ARMIDALE EX-SERVICES MEMORIAL CLUB LTD

ABN 61 000 979 377

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Note 14: Tax assets and liabilities</b>			
(a) Liabilities			
CURRENT			
Income tax		<u>\$ -</u>	<u>\$ 34,400</u>
(b) Assets			
NON-CURRENT			
Deferred tax asset		<u>\$ 168,615</u>	<u>\$ 108,939</u>
(c) Movement in deferred tax asset is as follows:			

	Opening Balance \$	Charged Directly to Income Statement \$	Charged Directly to other Comprehensive Income \$	Changes in Tax Rate \$	Closing Balance \$
<b>Deferred tax asset</b>					
Provisions - employee benefits	13,143	(3,357)	-	-	9,786
Property, plant and equipment:					
- Impairment	27,605	77,980	-	-	105,585
Other	<u>(11,433)</u>	<u>5,001</u>	<u>-</u>	<u>-</u>	<u>(6,432)</u>
Balance at 30 June 2012	<u>\$ 29,315</u>	<u>\$ 79,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,939</u>
Provisions - employee benefits	9,786	5,197	-	-	14,983
Property, plant and equipment:					
- Impairment	105,585	40,365	-	-	145,950
Other	<u>(6,432)</u>	<u>14,114</u>	<u>-</u>	<u>-</u>	<u>7,682</u>
Balance at 30 June 2013	<u>\$ 108,939</u>	<u>\$ 59,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,615</u>

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**Note 15: Provisions**

	Employee Benefits \$	Total \$
Opening balance at 1 July 2012	301,191	301,191
Additional provisions raised during the year	222,625	222,625
Amounts used	<u>(195,684)</u>	<u>(195,684)</u>
Balance at 30 June 2013	<u>\$ 328,132</u>	<u>\$ 328,132</u>
	<b>2013</b>	2012
	<b>\$</b>	<b>\$</b>
<b>Analysis of total provisions</b>		
Current	<b>278,398</b>	260,981
Non-current	<b><u>49,734</u></b>	<u>40,210</u>
	<b><u>\$ 328,132</u></b>	<b><u>\$ 301,191</u></b>

**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.

**ARMIDALE EX-SERVICES MEMORIAL CLUB LTD**

**ABN 61 000 979 377**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Note</b>	<b>2013 \$</b>	<b>2012 \$</b>
<b>Note 16: Other Liabilities</b>			
CURRENT			
Other income received in advance		<b>14,733</b>	11,051
		<b>\$ 14,733</b>	\$ 11,051
NON-CURRENT			
Other income received in advance		<b>23,421</b>	21,972
		<b>\$ 23,421</b>	\$ 21,972
<b>Note 17: Capital and Leasing Commitments</b>			
(a) Finance Lease Commitments			
Payable - minimum lease payments:			
- not later than 12 months		<b>115,455</b>	197,366
- between 12 months and five years		<b>531,221</b>	637,052
Minimum lease payments		<b>646,676</b>	834,418
Less: future finance charges		<b>(114,940)</b>	(169,087)
Present value of minimum lease payments	13 (a)	<b>\$ 531,736</b>	\$ 665,331
The club has a number of hire purchase liabilities in place.			
(b) Capital Expenditure Commitments			
Capital expenditure commitments contracted for:			
Bar refurbishment		-	300,000
Poker machine replacements		-	100,000
Poker machine rewards system		-	150,000
		<b>\$ -</b>	\$ 550,000

**Note 18: Motel Development**

Whilst no contracts have been exchanged, the company is currently continuing negotiating with Council for the construction of a motel complex. As at 30 June 2013 the company had spent \$303,096 on plans and applications for this development which has been funded through cashflow. Given the period of time that had passed since the initial development application was lodged an assessment of expenditure was conducted and it was identified that the useful life of the initial plans and development costs had largely expired. As such an amount of \$223,151 was expensed during the period and the remaining balance of \$79,945 is currently recorded on the balance sheet under Capital Works in Progress.

**Note 19: Events After the End of the Reporting Period**

Subsequent to the end of the financial year the Hobbit New England Pre-School and Child Care Centre Inc completed the execution of a deed of agreement with Armidale Ex-Services Memorial Club Ltd ("the Club") in which all of the assets and liabilities of the association were transferred to the Club and the association sought voluntary cancellation of its incorporation and subsequently wound up. The transfer of the Child Care licence to the Club was approved by the Australian Children's Education & Care Quality Authority to coincide with the execution of the deed of arrangement and transfer of assets to the Club. The total net assets transferred in July 2013 was \$286,455.

# ARMIDALE EX-SERVICES MEMORIAL CLUB LTD

ABN 61 000 979 377

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Note 20: Financial Risk Management</b>			
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:			
<b>Financial assets</b>			
Cash and cash equivalents	5	337,182	268,282
Loans and receivables	6	28,669	21,929
Held-to-maturity financial assets	8	1,051,472	1,864,910
		<b>\$ 1,417,323</b>	<b>\$ 2,155,121</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
Trade and other payables	12	574,139	386,181
Borrowings	13	531,736	665,331
		<b>\$ 1,105,875</b>	<b>\$ 1,051,512</b>

### 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		480,660	437,564
Post employment benefits		78,976	112,937
		<b>\$ 559,636</b>	<b>\$ 550,501</b>

#### 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, B Everett, has an interest in a fire and safety business and a security business that provides services to the club	<b>\$ 49,470</b>	<b>\$ 14,009</b>
Director, M Bullen, has an interest in a bicycle centre that provides services to the club	<b>\$ -</b>	<b>\$ 3,036</b>

### Note 22: 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 2013**

The directors of the company declare that:

1. the financial statements and notes, as set out in pages 5 to 23, are in accordance with the Corporations Act 2001, and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2013 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: 11 September 2013



**Crowe Horwath™**

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

**ABN 61 000 979 377**

Crowe Horwath Central North  
ABN 91 680 058 554  
Member Crowe Horwath International

24 Queen Street  
Grafton NSW 2460 Australia  
PO Box 13  
Grafton NSW 2460 Australia

Tel 02 6640 9200  
Fax 02 6642 7993  
www.crowehorwath.com.au

**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 2013, 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.

**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.

Crowe Horwath Central North is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.



### 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 2013 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

Logan Meehan  
Audit Principal  
90 Rusden Street  
ARMIDALE NSW 2350

Dated: 12 September 2013

### Crowe Horwath Central North

ABN 91 680 058 554  
Member Crowe Horwath International

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# 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
2004	7,855,879	739,745	7,116,134	5,723,077	3,695,008	451,050	28,150	503,830	410,282	221,834
2005	8,070,223	868,364	7,201,860	5,858,483	3,859,412	536,537	28,400	680,652	402,379	139,207
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	1,472,161	7,502,425	6,248,133	3,584,096	557,560	159,126	396,509	693,260	(384,124)

# SUMMARY OF 10 YEAR HISTORY



# NOTES

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