

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Financial Statements

For the Year Ended 30 June 2013

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

For the Year Ended 30 June 2013

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Manilla RSL and Ex Servicemen's Club Limited

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Directors' Report

30 June 2013

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

Directors

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

Names	Position	Appointed/Resigned
David J Northey	President	
Ian Lindsay Bignall	Senior Vice President	
Ronald Cox	Junior Vice President	Appointed 22/11/12
Ian Leslie Ward	Treasurer	
William Gregson Thurtell	Director	
Patricia Adulla Sing	Director	
William Groves	Director	
Elaine Bastion	Director	Appointed 22/11/12
Wendy Daniels-Bauer	Director	Appointed 22/11/12
Henry Arthur Kelly	Former President	Resigned 22/11/12
Brenda Anne Saltmarsh	Director	Resigned 22/11/12
Ivan Darryl Turnbull	Director	Resigned 21/8/12

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of Manilla RSL and Ex Servicemen's Club Limited during the financial year were the operation of a licensed club and providing facilities for members.

No significant change in the nature of these activities occurred during the year.

Objectives and strategies

Objectives

The Club's short term objectives are:

- Increase patronage and Club memberships.
- Improve financial position of the Club through increased patronage.

The Club's long term objectives are:

- Improve the Club facilities by upgrading existing areas including bar, furniture and carpeting throughout the Club interior.
- Consider and pursue appropriate strategies in developing new buildings and business expansion opportunities.
- To attract higher numbers of patrons to the Club by catering for as wide a range of community interests as possible.

Manilla RSL and Ex Servicemen's Club Limited

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Directors' Report

30 June 2013

Objectives and strategies continued

Strategies

The Club's strategies to achieve its short term objectives are:

- Refurbishment of Club facilities.
- Upgrading restaurant and kitchen areas.

The Club's strategies to achieve its long term objectives are:

- Consideration of options to construct new facilities.
- Consideration of options to invest in activities complimentary to existing facilities and patronage, within the scope of retaining the heritage of the RSL traditions, and remembering our fallen and returned personnel from all conflicts of war.

Performance measurement

The company regularly measures its performance through budgetary control, review of the company's financial performance and the level of patronage of the club.

Director Information

Information on directors

Henry Arthur Kelly	Former President
Qualifications	Retired
Experience	20 years as a Director
Wendy Daniels-Bauer	Director
Qualifications	Retired
Experience	1 year as a Director
Ian Leslie Ward	Treasurer
Qualifications	Retired
Experience	15 years as a Director
Ronald Cox	Junior Vice President
Qualifications	Retired
Experience	1 Year as a Director
Patricia Adulla Sing	Director
Qualifications	Retired
Experience	10 years as a Director
William Gregson Thurtell	Director
Qualifications	Retired
Experience	6 years as a Director

Manilla RSL and Ex Servicemen's Club Limited

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Directors' Report

30 June 2013

Director Information continued

Information on directors continued

Ivan Darryl Turnbull	Director
Qualifications	Retired
Experience	1 years as a Director
David J Northey	President
Qualifications	Retired
Experience	5 years as a Director
William Groves	Director
Qualifications	Retired
Experience	6 years as a Director
Brenda Anne Saltmarsh	Director
Qualifications	Retired
Experience	15 years as a Director
Elaine Bastion	Director
Qualifications	Retired
Experience	1 year as a Director
Ian Lindsay Bignall	Senior Vice President
Qualifications	Retired
Experience	2 year as a Director

Manilla RSL and Ex Servicemen's Club Limited

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Directors' Report

30 June 2013

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
David J Northey	12	12
Ian Lindsay Bignall	12	10
Ronald Cox	8	6
Ian Leslie Ward	12	12
William Gregson Thurtell	12	12
Patricia Adulla Sing	12	12
William Groves	12	12
Elaine Bastion	8	7
Wendy Daniels-Bauer	8	7
Henry Arthur Kelly	4	4
Brenda Anne Saltmarsh	4	3
Ivan Darryl Turnbull	2	2

Incorporation and Members' Guarantee

The entity is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee.

If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2013 the collective liability of members was \$17,000 (2012: \$15,280).

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 6.

Core and Non-Core Land

Core Land

25 Court Street Manilla, NSW 2346 (Lot 1 DP 235153, Lot X, Y, Z DP 375023 and Lot 21 DP 554245).

Non-Core Land

31 Court Street Manilla, NSW 2346 (Lot 22 DP554245)

35 Court Street Manilla, NSW 2346 (Lot 1, 2 DP213763).

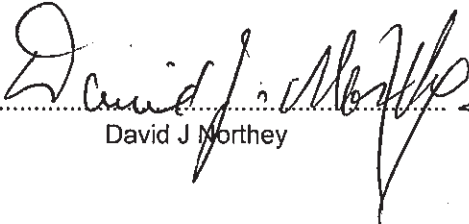
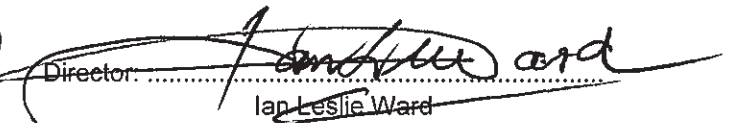
Manilla RSL and Ex Servicemen's Club Limited

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Directors' Report

30 June 2013

Signed in accordance with a resolution of the Board of Directors:

Director:  Director: 
David J Morthey Ian Leslie Ward

Dated 30 September 2013

Armidale

92 Rusden Street
PO Box 114
Armidale NSW 2350

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f +61 2 6772 9957
e armidale@forsyths.com.au

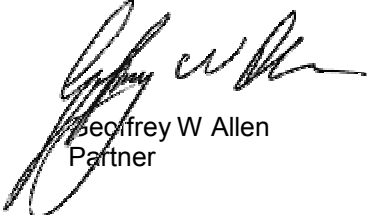
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 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.

Forsyths

Forsyths



Geoffrey W Allen
Partner

92 Rusden Street, Armidale NSW 2350

30 September 2013

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

Manilla RSL and Ex Servicemen's Club Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Sales revenue	2	1,105,335	1,272,074
Cost of sales		(693,689)	(723,362)
Gross profit		411,646	548,712
Other income	2	202,943	190,733
Marketing expenses		(182,430)	(184,210)
Occupancy costs		(19,312)	(25,121)
Administrative expenses		(360,459)	(447,088)
Finance costs		(7,521)	(8,431)
Other expenses		(110,848)	(132,897)
Profit before income tax		(65,981)	(58,302)
Income tax expense	4	-	-
Profit for the period		(65,981)	(58,302)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(65,981)	(58,302)

The accompanying notes form part of these financial statements.

Manilla RSL and Ex Servicemen's Club Limited

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Statement of Financial Position

30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	90,241	195,738
Trade and other receivables	8	2,180	9,993
Inventories	9	14,574	20,202
Total current assets		106,995	225,933
Non-current assets			
Property, plant and equipment	10	1,083,940	1,109,338
Total non-current assets		1,083,940	1,109,338
TOTAL ASSETS		1,190,935	1,335,271
LIABILITIES			
Current liabilities			
Trade and other payables	11	115,157	111,945
Borrowings	12	7,054	6,761
Employee benefits	13	34,641	92,936
Total current liabilities		156,852	211,642
Non-current liabilities			
Borrowings	12	74,418	92,121
Employee benefits	13	11,518	17,380
Total non-current liabilities		85,936	109,501
TOTAL LIABILITIES		242,788	321,143
NET ASSETS		948,147	1,014,128
EQUITY			
Retained earnings		948,147	1,014,128
TOTAL EQUITY		948,147	1,014,128

The accompanying notes form part of these financial statements.

Manilla RSL and Ex Servicemen's Club Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2013

2013

	Retained Earnings \$	Total \$
Balance at 1 July 2012	1,014,128	1,014,128
Profit/(loss) for the year	(65,981)	(65,981)
Balance at 30 June 2013	948,147	948,147

2012

	Retained Earnings \$	Total \$
Balance at 1 July 2011	1,072,430	1,072,430
Profit/(loss) for the year	(58,302)	(58,302)
Balance at 30 June 2012	1,014,128	1,014,128

The accompanying notes form part of these financial statements.

Manilla RSL and Ex Servicemen's Club Limited

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Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash from operating activities:			
Receipts from customers		1,454,578	1,606,291
Payments to suppliers and employees		(1,502,952)	(1,578,029)
Interest received		635	2,653
Finance costs		(9,721)	(8,431)
Net cash provided by (used in) operating activities	16	<u>(57,460)</u>	<u>22,484</u>
Cash flows from investing activities:			
Payment to acquire property, plant and equipment		(30,627)	(20,815)
Net cash used by investing activities		<u>(30,627)</u>	<u>(20,815)</u>
Cash flows from financing activities:			
Repayment of borrowings		(17,410)	(14,902)
Net cash used by financing activities		<u>(17,410)</u>	<u>(14,902)</u>
Other activities:			
Net cash increase (decreases) in cash and cash equivalents		(105,497)	(13,233)
Cash and cash equivalents at beginning of year		195,738	208,971
Cash and cash equivalents at end of year	7	<u>90,241</u>	<u>195,738</u>

The accompanying notes form part of these financial statements.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies

(a) General information

The financial statements are for Manilla RSL and Ex Servicemen's Club Limited as an individual entity, incorporated and domiciled in Australia. Manilla RSL and Ex Servicemen's Club Limited is a Company limited by guarantee.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements 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 to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements 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.

(c) 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 upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

(d) Income taxes

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). The *Income Tax Act 1997* (as amended) provides that, under the concept of member mutuality, clubs are only liable for income tax derived from non-members.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(d) Income taxes continued

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. 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 directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable 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, based on tax rates enacted or substantively enacted at reporting date. 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.

(e) 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.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, plant and equipment

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

Property

Freehold land and buildings are shown at cost, less subsequent depreciation for buildings.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment continued

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount for these assets. The recoverable amount of plant and equipment for not-for-profit entities is the current replacement cost discounted to current asset condition.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset

Buildings and Improvements - at Cost	2.5 - 18.0%
Plant and Equipment	10.0 - 30.0%
Bar Plant and Equipment - at Cost	10.0 - 30.0%
Office Plant and Equipment - at Cost	10.0 - 37.5%
Motor Vehicles - at Cost	30.0%
Poker Machines - at Cost	20.0%
Sporting Equipment	2.5 - 18.0%
Kitchen Utensils - at Cost	10.0 - 30.0%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(h) 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 year. 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. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(h) Employee benefits continued

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(i) Borrowings

All borrowing costs are recognised in income in the period in which they are incurred.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

(k) Comparatives

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

(l) Intangible assets

Poker Machine Entitlements

The company, as a result of State legislation, received for no cost, poker machine entitlements. These entitlements can be sold should the company decide to reduce, or cease, its poker machine activities. The company has not recorded the poker machine entitlement in the financial statements as there was no fair value on acquisition of these entitlements.

(m) Critical accounting estimates and judgments

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

Key estimates - Impairment

The Company assesses 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. Discounted replacement value calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(n) Going concern

Notwithstanding the Company's deficiency in net current assets of \$49,857 and the loss for the period of \$65,981 (2012: loss of \$58,302), the financial statements have been prepared on the going concern basis. This basis has been adopted as the Company has unutilised bank overdraft facilities of \$60,000, is budgeting to return to profitability and looking to sell non-core property.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards as none of the changes are expected to have a material affect on the Company.

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

2 Revenue

	2013 \$	2012 \$
Sales revenue		
- Bar Sales	548,458	580,301
- Dining Room Income	3,543	3,889
- Poker Machine Revenue	477,052	617,995
- Keno Revenue	49,498	51,916
- TAB Revenue	26,784	17,973
Total Revenue	<u>1,105,335</u>	<u>1,272,074</u>
Other Income		
- Rental income	10,051	11,177
- Raffles Income	114,003	100,337
- Membership Subscriptions	15,971	13,099
- Interest Income	635	2,653
- Other Income	62,283	63,467
Other Income	<u>202,943</u>	<u>190,733</u>

3 Profit/(Loss) for the Year

Profit/(Loss) for the year is calculated after charging the following expenses:

	2013 \$	2012 \$
External finance costs	7,521	8,431
Depreciation	56,025	59,986

4 Income tax expense

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

	2013 \$	2012 \$
Prima facie tax payable on profit/(Loss) from ordinary activities before income tax at 30% (2012: 30%)	(19,794)	(17,491)
Add:		
Tax effect of:		
- Mutuality adjustment	15,360	8,362
- Adjustment for Unrecognised Losses	4,434	9,129
Income tax attributable to entity	<u>-</u>	<u>-</u>

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

4 Income tax expense continued

(b) Assessed losses carried forward

The Company has unrealised tax losses of \$87,780 (2012: \$73,000). For the year ended 30 June 2013 no deferred tax asset has been taken up, as it is not probable that these losses will be utilised in future years.

5 Key Management Personnel Compensation

	Short-term benefits \$	Post employment benefit \$	Total \$
2013			
Total compensation	114,820	7,459	122,279
2012			
Total compensation	73,716	6,578	80,294

Directors did not receive any remuneration for their capacity as directors during the current or previous financial year. Directors perform their duties in an honorary capacity.

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

6 Auditors' Remuneration

	2013 \$	2012 \$
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial statements	14,000	13,000
- Other services (taxation, accounting advice, financial statements)	5,150	5,800
	<u>19,150</u>	<u>18,800</u>

7 Cash and cash equivalents

	2013 \$	2012 \$
Cash on hand	52,829	63,067
Cash at bank	37,412	132,671
	<u>90,241</u>	<u>195,738</u>

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

8 Trade and other receivables

	2013 \$	2012 \$
Trade receivables	2,180	9,993
	<u>2,180</u>	<u>9,993</u>

Trade receivables to the value \$409 are past due and payable. There are no balances within trade receivables that contain assets that are considered impaired. It is expected that these balances will be received when due. There is no provision for impairment at 30 June 2013 (2012: \$nil).

9 Inventories

	2013 \$	2012 \$
CURRENT		
At Cost		
Finished goods	14,574	20,202
	<u>14,574</u>	<u>20,202</u>

10 Property, plant and equipment

	2013 \$	2012 \$
LAND AND BUILDINGS		
Land - at Cost	106,488	106,488
Total Freehold Land	<u>106,488</u>	<u>106,488</u>
Buildings and Improvements - at Cost	1,151,314	1,144,292
Accumulated Depreciation	(289,339)	(265,539)
Total Buildings and Improvements	<u>861,975</u>	<u>878,753</u>
PLANT AND EQUIPMENT		
Plant and Equipment - at Cost	460,944	439,510
Accumulated Depreciation	(404,393)	(394,081)
Total Plant and Equipment	<u>56,551</u>	<u>45,429</u>
Bar Plant and Equipment - at Cost	186,844	186,394
Accumulated Depreciation	(160,706)	(149,681)
Total Bar Plant and Equipment	<u>26,138</u>	<u>36,713</u>
Office Plant and Equipment - at Cost	22,513	20,792
Accumulated Depreciation	(12,640)	(9,723)
Total Office Plant and Equipment	<u>9,873</u>	<u>11,069</u>

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

Motor Vehicles - at Cost	2,909	2,909
Accumulated Depreciation	(1,999)	(1,839)
Total Motor Vehicles	910	1,070
Poker Machines - at Cost	401,518	401,518
Accumulated Depreciation	(381,166)	(373,572)
Total Poker Machines	20,352	27,946
Sporting Equipment - at Cost	1,949	1,949
Accumulated Depreciation	(1,930)	(1,928)
Total Sporting Equipment	19	21
Kitchen Utensils - at Cost	3,290	3,290
Accumulated Depreciation	(1,656)	(1,441)
Total Kitchen Utensils	1,634	1,849
Total Property, Plant and Equipment	1,083,940	1,109,338

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

Movements in Carrying Amounts

Reconciliation of the carrying amount of each class of property, plant and equipment from the beginning to the end of the financial year:

	Land \$	Buildings and Improvements \$	Plant and Equipment \$	Bar Plant and Equipment \$	Office Plant and Equipment \$	Motor Vehicles \$	Poker Machines \$	Sporting Equipment \$	Kitchen Utensils \$	Total \$
Current Year										
Balance at start of year	106,488	878,753	45,429	36,713	11,069	1,070	27,946	21	1,849	1,109,338
Additions	-	7,022	21,434	450	1,721	-	-	-	-	30,627
Depreciation expense	-	(23,800)	(10,312)	(11,025)	(2,917)	(160)	(7,594)	(2)	(215)	(56,025)
Balance at end of year	106,488	861,975	56,551	26,138	9,873	910	20,352	19	1,634	1,083,940
Prior Year										
Balance at start of year	106,488	901,103	49,628	48,058	351	1,259	40,599	23	1,000	1,148,509
Additions	-	1,730	4,775	-	13,450	-	-	-	860	20,815
Depreciation expense	-	(24,080)	(8,974)	(11,345)	(2,732)	(189)	(12,653)	(2)	(11)	(59,986)
Balance at end of year	106,488	878,753	45,429	36,713	11,069	1,070	27,946	21	1,849	1,109,338

Manilla RSL and Ex Servicemen's Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2013

11 Trade and other payables

	2013	2012
	\$	\$
Unsecured liabilities		
Trade payables	49,484	49,517
Income received in advance	618	782
Other payables	28,098	27,033
Payroll liabilities	10,862	9,162
GST Payables	26,095	25,452
	<u>115,157</u>	<u>111,946</u>

12 Borrowings

	2013	2012
	\$	\$
CURRENT		
Bank loans	7,054	6,761
	<u>7,054</u>	<u>6,761</u>
NON-CURRENT		
Bank loans	74,418	92,121
	<u>74,418</u>	<u>92,121</u>

(a) Total current and non-current secured liabilities

	2013	2012
	\$	\$
Bank loans	81,472	98,882
	<u>81,472</u>	<u>98,882</u>

(b) The carrying amounts of non-current assets pledged as security are:

	2013	2012
	\$	\$
First mortgage over freehold land and buildings	968,463	985,241
	<u>968,463</u>	<u>985,241</u>

(c) Bank overdrafts

The Club has unutilised bank overdraft facilities of \$60,000.

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Notes to the Financial Statements

For the Year Ended 30 June 2013

13 Employee Benefits

	2013	2012
	\$	\$
CURRENT		
Provision for employee benefits	22,629	49,231
Long service leave	12,012	43,705
	<u>34,641</u>	<u>92,936</u>
	2013	2012
	\$	\$
NON-CURRENT		
Long service leave	11,518	17,380

14 Contingent liabilities - debt and guarantees

Amounts guaranteed, relationship and nature of guarantee

The company has issued a guarantee in the amount of \$ 5,000 in relation to the TAB facilities.

Other than the above, in the opinion of the Directors, the Company did not have any contingencies at 30 June 2013 (30 June 2012: None).

15 Financial instruments

(a) Financial Risk Management Policies

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

The main purpose for non-derivative financial instruments is to raise finance for the company's operations.

Manilla RSL and Ex Servicemen's Club Limited does not have any derivative financial instruments at 30 June 2013.

(i) Treasury Risk Management

The company directors do not believe the company has any significant treasury risk. Cash is held in bank accounts or on hand for operational purposes.

(ii) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial instruments continued

Interest rate risk

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

The Company's financial assets and liabilities are at floating interest rates. The Board and management believe that the exposure to changes in interest rates will not materially affect the operations.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Further, the company maintains significant cash on hand to manage day to day operations.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial instruments continued

(iii) Financial instrument composition and maturity analysis

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Maturing Over 5 Years		Non-interest Bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:														
Cash and cash equivalents	0.07	0.07	37,412	132,672	-	-	-	-	-	-	52,829	63,067	90,241	195,739
Receivables	-	-	-	-	-	-	-	-	-	-	2,180	9,993	2,180	9,993
Total Financial Assets			37,412	132,672	-	-	-	-	-	-	55,009	73,060	92,421	205,732
Financial Liabilities:														
Bank loans	6.70	7.29	-	-	7,054	6,761	28,216	27,044	46,202	65,078	-	-	81,472	98,883
Trade and sundry payables	-	-	-	-	-	-	-	-	-	-	115,157	111,946	115,157	111,946
Total Financial Liabilities			-	-	7,054	6,761	28,216	27,044	46,202	65,078	115,157	111,946	196,629	210,829

(iv) Net fair values

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Notes to the Financial Statements

For the Year Ended 30 June 2013

15 Financial instruments continued

(v) Sensitivity Analysis

Interest rate risk, liquidity risk, credit risk and price risk.

The Company has not performed a sensitivity analysis relating to its exposure to interest rate risk, liquidity risk, credit risk and price risk at balance date as the company does not believe the sensitivity analysis is material.

A sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

16 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2013	2012
	\$	\$
Profit for the year	(65,981)	(58,302)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Depreciation	56,025	59,986
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	7,813	122
(Increase)/decrease in prepayments	-	3,187
(Increase)/decrease in inventories	5,628	11,785
Increase/(decrease) in trade payables and accruals	3,212	(4,012)
Increase/(decrease) in provisions	(64,157)	9,718
	<u>(57,460)</u>	<u>22,484</u>

17 Company Details

Registered office and principal place of business

The registered office and principal place of business of the company is:

Manilla RSL and Ex Servicemen's Club Limited
25-29 Court Street
Manilla NSW 2346

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Directors' Declaration

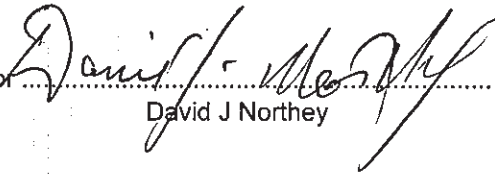
The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 7 to 25, 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 entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

In arriving at their opinion in 2 above the directors have taken into consideration the going concern matters set out in note 1(n).

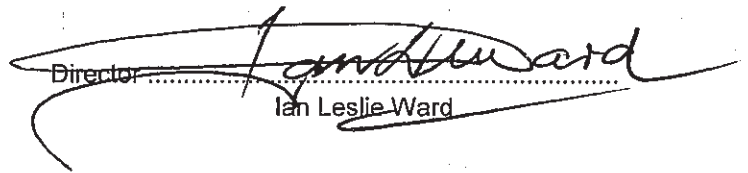
This declaration is made in accordance with a resolution of the Board of Directors.

Director



David J Northey

Director



Ian Leslie Ward

Dated 30 September 2013

Armidale

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Armidale NSW 2350

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e armidale@forsyths.com.au

Independent Audit Report to the members of Manilla RSL and Ex Servicemen's Club Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Manilla RSL and Ex Servicemen's Club Limited, 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 statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements 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 statements is free from material misstatement.

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

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

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

Independence

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

Opinion


In our opinion the financial statements of Manilla RSL and Ex Servicemen's Club Limited are 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 its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Going Concern

Without qualification to the above opinion, we draw attention to Note 1(n) to the financial statements which describes the uncertainty related to the preparation of the financial statements on a going concern basis.

Forsyths



Geoffrey W Allen
Partner

Dated 30 September 2013

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Armidale

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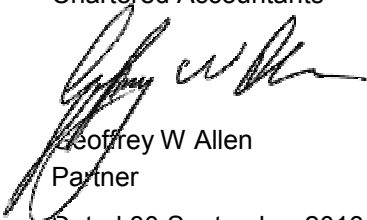
ABN: 23 001 021 101

Disclaimer

The additional financial data presented on pages 30 to 36 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2013. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Manilla RSL and Ex Servicemen's Club Limited) in respect of such data, including any errors of omissions therein however caused.

Forsyths

Chartered Accountants



Geoffrey W Allen
Partner

Dated 30 September 2013

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Detailed trading account

	2013 \$	2012 \$
BAR TRADING ACCOUNT		
Sales revenue		
Sales - Bar	548,458	580,301
	<u>548,458</u>	<u>580,301</u>
Cost of sales		
Purchases	290,700	351,873
	<u>290,700</u>	<u>351,873</u>
Cost of goods sold	<u>290,700</u>	<u>351,873</u>
Gross profit	<u>257,758</u>	<u>228,428</u>
Gross profit (%)	47.00%	39.36%
Less: Direct expenses		
Bar Freight	501	1,281
Light & Power - Bar	3,574	4,146
Replacements Bar	6,351	828
Wages - Bar	318,367	277,389
	<u>328,793</u>	<u>283,644</u>
Net profit / (loss)	<u>(71,035)</u>	<u>(55,216)</u>

The detailed trading account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Detailed trading account

	2013 \$	2012 \$
DINING ROOM TRADING ACCOUNT		
Sales revenue		
Sales - Kitchen	3,543	3,889
	<u>3,543</u>	<u>3,889</u>
Cost of sales		
Purchases	3,526	3,809
	<u>3,526</u>	<u>3,809</u>
Cost of goods sold	<u>3,526</u>	<u>3,809</u>
Gross profit	<u>17</u>	<u>80</u>
Gross profit (%)	0.48%	2.06%
Less: Direct expenses		
General expenses	5,708	4,859
Light, Power & Gas - Kitchen	11,967	9,429
	<u>17,675</u>	<u>14,288</u>
Net profit / (loss)	<u>(17,658)</u>	<u>(14,208)</u>

The detailed trading account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Detailed trading account

	2013	2012
	\$	\$
POKER MACHINE TRADING ACCOUNT		
Sales revenue		
Gross Poker Machine Takings	477,052	617,995
Less: Direct expenses		
General expenses	16,069	23,886
Poker Machine Tax	11,975	11,642
	<u>28,044</u>	<u>35,528</u>
Net profit / (loss)	<u>449,008</u>	<u>582,467</u>

The detailed trading account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Detailed trading account

	2013 \$	2012 \$
KENO TRADING ACCOUNT		
Sales revenue		
Sales	<u>49,498</u>	51,916
	49,498	51,916
Less: Direct expenses		
General expenses	<u>5,664</u>	12,587
	5,664	12,587
Net profit / (loss)	<u><u>43,834</u></u>	<u><u>39,329</u></u>

The detailed trading account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Detailed trading account

	2013 \$	2012 \$
TAB TRADING ACCOUNT		
Income		
TAB Commission	<u>26,784</u>	17,973
	26,784	17,973
Less: Direct expenses		
TAB Promotions	1,644	1,147
TAB Sky Channel	16,815	17,377
TAB - Supplies	348	1,104
TAB (under) Chq Drawn	<u>508</u>	2,083
	<u>19,315</u>	21,711
Net profit / (loss)	<u><u>7,469</u></u>	<u><u>(3,738)</u></u>

The detailed trading account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Profit and Loss Account

	2013 \$	2012 \$
Sales		
Bar Sales	548,458	580,301
Dining Room Income	3,543	3,889
Poker Machine Revenue	477,052	617,995
Keno Revenue	49,498	51,916
TAB Revenue	26,784	17,973
Total sales	1,105,335	1,272,074
Cost of sales	693,689	723,362
Gross Profit	411,646	548,712
Less: Expenses		
Accounting fees	18,300	-
Administration and management fees	21,730	25,938
Advertising	27,108	20,693
Auditors remuneration	19,150	18,800
Bad debts	1,187	(200)
Bank charges	2,340	80
Cleaning	44,657	77,050
Computer expenses	4,222	1,972
Consulting and professional fees	1,088	1,044
Depreciation	56,025	59,986
Donations	1,655	575
Electricity & water	73,372	58,934
Entertainment	37,773	56,739
Fees and Permits	1,487	1,377
Finance costs - external	7,521	8,431
Filing fees	362	-
Lease rentals on operating lease	4,753	4,403
Leave pay provision charge	(64,157)	9,719
Motor vehicle expenses	5,000	5,883
Other employee costs	15,989	15,086
Postage	3,173	-
Printing and stationery	6,438	11,286
Promotions	155,322	163,517
Rental properties - rates - council	18,355	23,999
Rental properties - rent paid	25	-
Repairs and maintenance	23,450	23,737
Salaries	121,061	139,831
Security	932	1,122
Staff training	3,392	2,736

The profit and loss account does not form part of the audited financial statements

Manilla RSL and Ex Servicemen's Club Limited

ABN: 23 001 021 101

Profit and Loss Account

Subscriptions	5,779	8,335
Sundry expenses	1,304	241
Superannuation contributions	34,103	36,797
Telephone and fax	4,763	3,649
Travel - local	1,037	294
Waste disposal	17	-
Workers compensation	21,857	15,693
	<u>(680,570)</u>	<u>(797,747)</u>
Trading Profit/(Loss)	(268,924)	(249,035)
Other operating income/expenses:		
Interest income	635	2,653
Rental income	10,051	11,177
Other income	192,257	176,903
	<u>202,943</u>	<u>190,733</u>
Profit/(Loss) before income tax	<u>(65,981)</u>	<u>(58,302)</u>

The profit and loss account does not form part of the audited financial statements