



Experience the Difference



Annual Report 2010

BALGOWLAH RSL MEMORIAL CLUB

ACN 001 074 184

ANNUAL REPORT

Directory

Registered Office	30-38 Ethel St, Seaforth, NSW, 2092
Postal Address	PO Box 72, Seaforth, NSW, 2092
Telephone	02 9949 5477
Facsimile	02 9949 9211
Website	www.balgowlahrsl.com.au
Email	info@balgowlahrsl.com.au

Board of Directors

President	Des McAteer
Senior Vice President	Greg McMillan
Junior Vice President	Ian Reese
Treasurer	John Langford
Director	Keith Hearnden
Director	Bryan Renshaw
Director	John Ardill

Management

Chief Executive Officer	Hendrik Visser
Operations Manager	David MacLean

Auditor of Accounts

CABEL Partners, 1 James Place, North Sydney

Solicitors

Pigott Stinson Ratner Thom Lawyers, 10 Barrack St, Sydney

Bankers

Australian and New Zealand Banking Group Limited

Affiliation

Clubs NSW
Club Directors Institute
Lifeline Balgowlah

PRESIDENT'S REPORT

Greetings to you, our members, and thank you for supporting and enjoying your Club over this past year.

This year has seen tougher trading conditions than the previous year with a decline in the Gaming Department. The Bar trading is a little below last year but the Catering Department has increased on last years result.

Our membership is increasing at a very similar level to the previous year and at the end of 2010 we had 11,644 members.

This year our Club in the community events included the Seaforth Market Day last December which was hosted in our upper carpark and was a successful day with the participation of many local businesses.

We also held our community grants presentation night last August where we handed out our donations to the organisations we support. It is great to see where these donations go. One example was Queenscliff Surf Life Saving Club got us down to the beach in early January at their main carnival to present the nippers with the surf skis that had been bought with our donation funds.

Our shows in the Seaforth Function Centre continue to attract good audiences especially the new comedy nights. Our trivia nights are becoming more popular with increasing numbers participating. The Members Night, held in early February, was also a very popular night with many members attending.

I would like to offer my condolences for those who have lost loved ones this past year. The members and staff mourned the sudden, tragic loss of Denise Watson, our wonderful Office Manager of many years, in October.

Finally I would like to thank the Board, Management and staff for their support these past three years and you the members for having me as your President. It has been an honour and a pleasure.



D. McAteer

Club President

TREASURER'S REPORT

I am pleased to be able to report that the Club has returned a respectable profit for 2010 after a difficult year in the club industry. There were the continuing effects of the global financial crisis, political uncertainty, extremes in weather conditions and the loss of several experienced staff. Other factors were the implementation of changes in our gaming operation and rewards centre causing considerable disruption. We would like to thank you, our members, for your patience through these difficulties.

The Club operations have held their own fairly well in the bar and catering departments but the gaming department has experienced a significant drop in turnover since our record year in 2009.

It is pleasing to report that the Club operations have been run efficiently so that, even with the drop in gaming turnover we were able to finish the year with an after tax profit of \$217,895. This is well down on 2009's profit of \$610,079 but a quick glance at the historical chart shows what a one-off year that was.

Total income of \$11,126,399 is down 5.37% on 2009. After tax profit of \$217,895 which was down 64.28% on 2009.

Bar and bottle shop sales of \$1,865,398 were on par with last year and generated profit of \$439,928 which is down 8.47%.

Catering sales of \$2,323,890 were up slightly and generated profits of \$285,162 which is up 11% on 2009.

Gaming revenue of \$5,880,438 was down 9.26% on 2009 levels. This has heavily affected the Clubs bottom line. Nevertheless, the Club has maintained its financial commitments throughout the year, including the funding of some substantial projects from cash flow. We have a healthy bank account to commence the coming year.

My thanks to you the members, the Board, Management and staff for the support and assistance over the year.

Historical comparisons:

	2010	2009	2008	2007
Total Club Income	11,126,399	11,757,537	10,907,806	11,040,962
EBITDA				
(Earnings Before Interest, Tax, Depreciation & Amortisation)	1,539,817	1,944,599	1,438,912	1,498,402
Poker Machine Tax	1,200,837	1,360,238	1,261,290	1,276,755
Income Tax	35,651	20,732	68,880	-
Depreciation & Amortisation	926,214	902,163	875,818	1,131,427
Interest & Finance Charges	277,646	411,625	440,750	457,676
Profit after Tax	217,895	610,079	53,464	-90,701
Total Assets	17,670,005	18,382,157	18,176,720	18,880,905
Total Liabilities	5,347,150	6,277,197	6,681,839	7,438,891
Member Funds	12,322,855	12,104,960	11,494,881	11,441,417



John Langford,
Club Treasurer.

NOTICE OF MEETING
THIRTY EIGHTH ANNUAL GENERAL MEETING
28th MARCH 2011

The Thirty Eighth Annual General Meeting of Balgowlah RSL Memorial Club will be held at 8:pm Monday 28th March 2011 in the Seaforth Function Room on level 2 of Balgowlah RSL Memorial Club, 30-38 Ethel St Seaforth NSW 2092.

AGENDA:

Business:

1. **Apologies will be recorded but not read to the meeting.**
2. **To confirm the minutes of the Thirty Seventh Annual General Meeting held on Monday 29th March 2010**
3. **Business Arising from the minutes:**
At the 37th Annual General Meeting, the Board was asked to consider changing the Articles to remove the requirement for four Class I Members on the Board. The Board of Directors have proposed a Special Resolution to reduce the minimum number to two (2) Class I Ordinary Members on the Club's Board of Directors. Members will be requested to vote on this Special Resolution.
4. **To receive, consider and adopt the Directors' Report and Directors' Statement for the year ended 31 December 2010.**
5. **To receive, consider and adopt the Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor's Report for the year ended 31 December 2010.**
6. **To declare all positions vacant on the Board of Directors; To announce the result of the ballot held for the Board of Directors; To declare the successful candidates elected for the ensuing year.**
7. **Ordinary Resolutions:**
 1. That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to directors and such persons as from time to time the directors shall authorise or approve:
 - a. the provision of a limited number of reserved car parking spaces for Directors, if required, and for disabled persons, and
 - b. The provision to directors of club tie,

shirt and other clothing; attendance at conferences and training in relation to their roles and responsibilities as directors; food and refreshments at the conclusion of Board meetings; premium for directors and officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club, and

- c. The payment of an honorarium to the President of \$4800 per annum and that each other director be paid an honorarium of \$2400 per annum.

8. **To deal with any business of which due notice has been given.**

The following Special Resolutions will be put to the meeting for members consideration and if considered fit, for their approval.

8.1 **SPECIAL RESOLUTION
FIRST SPECIAL RESOLUTION**

The First Special Resolution that Article 50 of the Memorandum and Articles of Association of Balgowlah RSL Memorial Club be amended as follows:

50. The Officers and other members of the Committee shall be elected annually in accordance with the method of election listed below and such officers and other members of the Committee shall hold office until the following annual general meeting when they shall retire. They shall be eligible for re-election to the Committee. All financial members of the Club, other than Class 3 Employee Members, shall be eligible to vote in the annual election of the Committee.

Notes to Members

It is proposed that Article 50 be amended so that it correctly reflects the Club's position that Class 3 Employee Members are not permitted to vote at Club elections.

The Registered Clubs Act also precludes employees from voting in Club elections.

In the Club's Articles of Association, Article 7, states, "Class 3 Employee Members are not permitted to vote in any Club elections".

In the Club's Articles of Association, Article 50, states, "All financial members of the Club shall be eligible to vote in the annual election of the Committee".

Clearly, Article 50 must be changed to reflect the correct position on this issue, as stated in Article 7 and in the Registered Clubs Act.

Procedural matters

To be eligible to vote on any matter at a general meeting of the Club, you must be a Class 1 Ordinary Member or an Honorary Life Member who was originally a Class 1 Ordinary Member or a member of the Committee.

To be passed, a special resolution requires votes from not less than three quarters of those members who, being eligible to do so, vote in person, by a vote of hands, at the meeting.

Proxy voting is prohibited by the Registered Clubs Act. Any member who is any employee of the Club is prohibited from voting by the Registered Clubs Act.

The Board of Directors recommends the First Special Resolutions to the members.

SECOND SPECIAL RESOLUTION

That Members resolve to amend Article 47 and Article 51 so that in future, there will be a minimum of two Class 1 Ordinary Members on the Club's Board of Directors.

Article 47 be amended as follows:

47 The Committee shall consist of four Officers (being the President, the Senior Vice President, the Junior Vice President and the Treasurer) and three Committee Members. Honorary Life Members, Class 1 Ordinary Members and Class 2 Ordinary Members shall be eligible to be elected to any of the seven positions on the Committee provided that at all times there shall be no less than two persons on the Committee who shall be either Class 1 Ordinary Members or Honorary Life Members who were originally Class 1 Ordinary Members.

Article 51(g) be amended as follows:

51(g) Subject to Article 47 herein, the returning officer, when counting the votes for the election of Officers and Committee Members, shall have regard to the requirement that no more than five (5) Class 2 Ordinary Members or Honorary Life Members who were originally Class 2 Ordinary Members can be elected to the Club's Committee.

Notes to Members

The Club's Board of Directors is made up of seven (7) Directors.

The Articles of Association currently provide that there be a minimum of at least four (4) Class I Ordinary Members or Honorary Life members who were originally Class I Ordinary Members on the Club's Committee. If the Second Special Resolution is approved this minimum will reduce from four (4) to two (2) so that at least two (2) members of the Committee must be either Class I Ordinary Members or Honorary Life Members who were originally Class I Ordinary Members.

- If the Second Special Resolution was to be adopted, there would still be no restriction on the number of Class I Ordinary Members on the Board. The entire Board could still be made up of Class I Members.
- There is a general concern that the current make up of the Board is discouraging new and younger people nominating for positions on the Board as there are only three positions available to the 11,275 Class 2 Ordinary Members.
- The Class I Membership base is reducing and there are not many who are willing to make the commitment to the Board.
- There is an election every year. It is often difficult to encourage four Class I Members to nominate for election. In 2008 and 2010 there were no elections due to the lack of nominations.
- There is a widening gap between the Class I and Class 2 members.
- At year end 2010, there were 345 Class I Members, which makes up only 2.96% of the Club Membership.
- At year end 2010, there were 11,275 Class 2 Ordinary Members, which is 96.8% of Club Membership.
- Class 2 Ordinary Members make up 96.8% of total Club Members yet are only permitted three positions on the Club Board. It is proposed to increase this to a maximum of five positions that Class 2 Ordinary Members would be eligible to fill.
- This change would not affect the fact that Class I Members will still be eligible to fill all seven positions on the Board.

- This change would not affect the fact that Class 1 Ordinary Members, Honorary Life members who were originally Class 1 Ordinary Members and Committee members are the only members who are eligible to vote on constitutional matters at a General Meeting of the Club. Class 2 Ordinary Members, other than Committee members, are not permitted to vote on constitutional matters at general meetings. This will not change.

Procedural matters

To be eligible to vote on any matter at a general meeting of the Club, you must be a Class 1 Ordinary Member, an Honorary Life Member who was originally a Class 1 Ordinary Member or a member of the Committee.

To be passed, a special resolution requires votes from not less than three quarters of those members who, being eligible to do so, vote in person, by a vote of hands, at the meeting.

Proxy voting is prohibited by the Registered Clubs Act. Any member who is any employee of the Club is prohibited from voting by the Registered Clubs Act.

The Board of Directors recommends the Second Special Resolutions to the members.

9 OTHER BUSINESS

Any other business may be discussed but resolutions can only be suggested in the form of recommendations to the Board of Directors.

Light supper and refreshments will be served in the Gold Bar Lounge on Level 1 after the conclusion of the meeting.

**MINUTES OF THE THIRTY SEVENTH ANNUAL
GENERAL MEETING
BALGOWLAH RSL MEMORIAL CLUB
HELD MONDAY 29th MARCH 2010**

COMMENCED:

The meeting commenced at 8:00pm.

The meeting was held in the Seaforth Function Room,
Level 2 of the Club premises.

35 Members were present with 20 Class 1 Members and
15 Class 2 Members.

IN ATTENDANCE:

H.Visser, D.Maclean.

1- APOLOGIES:

Barry Aylwin #2843; Arthur Ball #7618;
William Flew # 1982; Grant Green-smith #1603
Ralph Jones # 42; William Robinson #2516

2- MINUTES OF PREVIOUS AGM:

Motion to confirm the Minutes of the Thirty Sixth Annual
General Meeting held 27th April 2009.

MOVED (P BRACHER #9098) AND SECONDED
(M CARRUTHERS #1024) THAT THE MINUTES BE
TAKEN AS READ. MOTION CARRIED.

**3- BUSINESS ARISING FROM THE THIRTY SIXTH ANNUAL
GENERAL MEETING**

Mr McAteer read out the Business Arising from the
Agenda:

3.01 Peter Bracher #9098

"The Club needs to look at Article 25(i) which states
that members are not permitted to bring gambling to
the Club. This means that under the Club Articles, it is an
offence to play Keno and TAB on the premises".

Response: "Article 25(i) states that "It shall be an offence
for any member to introduce gambling into the Club, or
to gamble by any other means than by normal use of
poker machines."

Keno has not been introduced by a member but it is
played by members. If a member were to be cited before
the Board for playing Keno, it is most unlikely that the

Directors would penalize that member. Therefore a change to the Articles is considered to be unnecessary”.

3.02 Judith Macdonald #3353

“I would like the board to consider the issue of equal voting rights between Class 1 and Class 2 members. The Club cannot progress until this issue is resolved”

Response: “Such a decision would need the support of the Class 1 members”.

3.03 Terry Baker #1972

“We need the Members’ notice board moved to reception area. I want to know what is happening with the new liquor laws in relation to our drinks vouchers. Does it mean that we will lose our old \$1 and \$5 vouchers. What is the role of the security guards? I see them cleaning up glasses sometimes but not all the time - what is their role?”

Response: “Members Notice Board will remain where it is and all members are welcome to read the notices on the Board in its current position. Liquor laws are being followed by management. Vouchers are available through the rewards centre. Security Guard roles change from time to time and are under the control of management. This may include clearing of glasses”.

3.04 Peter Bracher #9098

“I would like to say that it is refreshing to read an annual report that shows a profit rather than the many clubs which are doing so badly. I congratulate the Club’s management on running the club so well in the current financial climate. Personally I would like to see more significant ANZAC pictures on display. I did this at the Club which I managed and it was not very expensive”.

Response: “There is a large ANZAC picture in the foyer and more in the Sub Branch Library”.

4. **DIRECTORS REPORT AND STATEMENT**

To receive, consider and adopt the Directors’ Report and Directors’ Statement for the year ended 31 December 2009.

MOVED (C JOREY #836) SECONDED (T BAKER #1972) THAT THE DIRECTORS REPORT AND DIRECTORS’ STATEMENT FOR 31 DECEMBER 2009 BE RECEIVED AND ADOPTED. MOTION CARRIED.

5. FINANCIAL STATEMENTS

Profit & Loss Account, Balance Sheet, Statement of Cash Flows and Auditor’s Report for the year ended 31

December 2009 were tabled.

MOVED (L RENNIE #44) SECONDED (C JOREY #836) THAT THE ANNUAL PROFIT AND LOSS ACCOUNTS; BALANCE SHEET; STATEMENT OF CASH FLOWS AND THE AUDITORS REPORT FOR THE YEAR ENDING 31 DECEMBER 2009 BE RECEIVED AND ADOPTED. MOTION CARRIED.

Question from the floor from S Gould #5904. "Why has the Club changed to the International Accounting Standards? This is an expensive exercise and should only be for international trading companies.

Mr Langford responded, "The Club Auditor stated that it was legislated requirement that all Clubs will have to undertake".

6. DECLARATION OF THE BALLOT FOR OFFICERS AND DIRECTORS.

Mr McAteer announced that the ballot had been cancelled due to a lack of nominations to oppose the current Directors and so the Board of Directors would remain unchanged. He informed the Meeting that the Club Board of Directors had formulated a new policy to augment the Articles of Association to clarify the Club's position for future elections. Mr McAteer read out the new procedures and announced that copies would be made available after the meeting and that the new procedures would be placed on the Club notice board. The Directors for 2010 are:

PRESIDENT	JAMES (DES) McATEER
SENIOR VICE PRESIDENT	GREG McMILLAN
JUNIOR VICE PRESIDENT	IAN REESE
TREASURER	JOHN LANGFORD
DIRECTORS	JOHN ARDILL
	KEITH HEARNDEN
	BRYAN (TAFFY) RENSHAW

7. ORDINARY RESOLUTIONS:

- a. That until the next Annual General Meeting and in pursuance of the Registered Clubs Act, the members approve the provision of the following rights and benefits to directors and such persons as from time to time the directors shall authorize or approve:
 - i. the provision of a limited number of reserved car parking spaces for Directors, if required, and for disabled persons.
 - ii. The provision to Directors of club tie, shirt and other clothing, attendance at conferences and training in relation to their

roles and responsibilities as Directors, food and refreshments at the conclusion of Board meetings, premium for Directors and Officers insurance cover and reasonable out of pocket expenses incurred when carrying out duties in relation to the Club; and

- iii. The payment of an honorarium to the President of \$4800 per annum and that each other Director be paid an honorarium of \$2400 per annum.

MOVED (G WESTWOOD #1654) AND
SECONDED (M CARRUTHERS #1024)
MOTION CARRIED.

8. BUSINESS WITH DUE NOTICE

The following Special Resolution was put to the meeting for members consideration.

SPECIAL RESOLUTION

The Members were asked to consider a Special Resolution to amend the Memorandum of Association of Balgowlah RSL Memorial Club Limited by deleting clauses 2(d), 2(g) and 2(bb).

MOVED (L RENNIE #44) AND SECONDED (C JOREY #834) THAT THE SPECIAL RESOLUTION BE READ AND CONSIDERED.

NOTES TO MEMBERS

Mr McAteer stated that the Club Auditor has requested that the Club's Articles 2(d), 2(g) and 2(bb) be deleted from the Club's Memorandum of Association as they refer to functions of the RSL Sub Branch and not the Balgowlah RSL Memorial Club. Those functions relate to the good work done by the RSL in relation to the local returned soldiers, their families and the families of those who lost their lives in overseas fields of conflict. This function has been carried out by the Balgowlah-Seaforth-Clontarf RSL Sub Branch for many years and is expected to continue regardless of this change to the Club's Memorandum and Articles of Association. Particular concern was placed on the fact that the extensive benefits mentioned in these clauses were only available to persons who were not members of the Club and that the Club has no right of refusal to said non-members of the Club. Mr McAteer gave an extensive discussion about the nature of the Articles and asked the Class I Members to vote on the Special Resolution.

VOTE WAS CARRIED 20-0 IN FAVOUR OF DELETING ARTICLES 2(D), 2(g) AND 2(bb) FROM THE CLUBS ARTICLES OF ASSOCIATION.

9. **OTHER BUSINESS**

P Bracher #9098 stated that he believed that it was time that the Club replaced the entire Club Constitution and that it should not be a difficult exercise because the Club's solicitors would have a template and the Club would simply have to edit it to reflect this Clubs requirements.

S Gould #5904 asked that the new Board consider changing the Articles to remove the requirement for four Class I Members on the Board.

Mr McAteer responded that this was a constitutional matter for the Class I Members to decide.

10. **CLOSE**

There being no further business, Mr McAteer closed the meeting at 8:35pm and invited the Members to join the Directors for some refreshments in the Gold Bar.

SIGNED AS A TRUE AND CORRECT RECORD



CHAIRMAN

15th February 2011

DATE

DONATIONS TO COMMUNITY GROUPS IN 2010

Balgowlah RSL Memorial Club is proud to have donated to fifty local charities, community and sporting groups. In 2010, Cash and in-kind donations totaled \$145,000, which is \$51,000 in excess of government requirements.

Major support donations to:

Bear Cottage Manly
Childrens Hospital Westmead
Childs Play Project - Spilstead Centre
Dalwood Spilstead Centre
Manly-Warringah-Dee Why Legacy
North Steyne Surf Life Saving Club
Pioneer Clubhouse
Queenscliff Surf Life Saving Club
Spastic Centre Of Nsw
Schizophrenia Fellowship OF NSW

Affiliated Local Associations:

Balgowlah RSL Toastmasters
Balgowlah Seaforth Clontarf War Widows
Balgowlah-Seaforth-Clontarf RSL Sub Branch
Balgowlah-Seaforth-Clontarf Womens Auxiliary
Northern Metropolitan Clubs In Community

Local Sporting Associations

Balgowlah Rotary Club
Balgowlah RSL Basketball Club
Balgowlah RSL Darts Club
Balgowlah RSL Fishing Club
Flying 11 Junior Sailing Association
Manly Junior Sailing Association
Manly Seaside Baseball Club
Queenscliff Netball Club
Seaforth Football Club

Other Support Recipients:

1 St Balgowlah Scouts
1 St Seaforth Sea Scout Assoc.
Active Women Touched By Cancer
Bandana Day
Brookvale Tafe
Careflight

Clontarf Precinct Comm
Fairlight ITC
Forest Kirk Uniting Church
Lions Club Of Manly
Mackellar Girls High
Manly Central Probus Club
Manly Club For Seniors Inc
Manly Club For Seniors Inc
Manly District Probus Club
Manly Ladies Probus Club
Manly Probus Club
Manly Rotary Club
Manly Sunrise Rotary Club
Manly View Club
Manly Warr:Pittwater RSL District Council
Manly Warringah RAAF Association
Parkinson Support Group NSW
Pink Ribbon Day
Seaforth Precinct Committee
Shine For Kids

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

DIRECTORS' REPORT

The Directors of Balgowlah RSL Memorial Club submit herewith the Financial Report of the company for the year ended 31 December 2010 and report as follows:-

1. Board of Directors

The names and particulars of the Directors of the company in office at the date of this report are:-

Name	Qualifications	Experience: Years as a Director	Special Responsibilities
J T D McAteer	Manager	7	President
G S McMillan	Public Servant	11	Senior Vice President
I G Reese	Retired Airline Pilot	5	Junior Vice President
J E Langford	Retired Bank Officer	12	Treasurer
G K Hearnden	Retired Managing Director	5	Director
B Renshaw	Retired Navy Sub-Mariner	5	Director
J P Ardill	Retired Company Director	3	Director

2. Board Meetings

The number of Board meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	No. of Board Meetings Held*	No. of Board Meetings Attended
J T D McAteer	15	15
G S McMillan	15	15
I G Reese	15	14
J E Langford	15	15
G K Hearnden	15	12
B Renshaw	15	14
J P Ardill	15	13

* Reflects the number of Board meetings held during the time the Director held office.

3. **Activities**

The principal activity of the company during the year ended 31 December 2010 was Registered Club. There was no change in the principal activity during the year.

4. **Results**

The profit for the year after providing for income tax for the year ended 31 December 2010 was \$217,895 (2009 \$610,079).

5. **Dividends**

The company has no provision in its Articles for the payment of dividends.

6. **Review of Operations**

During the year 2010 as compared to 2009, the Clubs' total gross revenue decreased by \$587,797 and total expenditure decreased by \$242,281 resulting in a decrease in profit after income tax of \$392,184.

7. **Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the company for the year.

8. **Matters subsequent to the end of the Financial Year**

At the date of this report, there are no matters or circumstances which have arisen since 31 December 2010 that have significantly affected or may significantly affect:

- i. the operations of the company;
- ii. the results of those operations; or
- iii. the state of affairs of the company

in financial years subsequent to 31 December 2010.

9. **Future Developments**

The Company will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

10. **Indemnification of Directors and Officers**

The company has provided for and paid premiums during the year for Directors and Officers liability insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omissions or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as Directors or Officers of the company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability and legal

expenses contract as such disclosure is prohibited under the terms of the contract.

11. Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

12. Auditor's Independence Declaration

CABEL Partners (previously known as FWA Eagar & Co) continue in office in accordance with Section 327 of the Corporations Law. A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included in the financial report.

13. Environmental Regulations

The company's operations are subject to various regulations under both Commonwealth and State legislation. The Directors are not aware of any significant breaches of legislation during this financial year.

14. Club Membership

	2010	2009
Class 1	345	427
Class 2	11,275	10,693
Class 3	22	23
Life Member	2	5
Total Membership	11,644	11,148

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
and in accordance with its resolution:



J T D McAteer - President



J E Langford - Treasurer

Dated at Balgowlah this 15th day of February 2011

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of BALGOWLAH RSL MEMORIAL CLUB

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2010 there has been:

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



Phillip Browne

Registered Company Auditor

CABEL Partners

Dated this 15th day of February 2011

INDEPENDENT AUDIT REPORT

To the Members of BALGOWLAH RSL MEMORIAL CLUB

Report on the Financial Report

We have audited the accompanying financial report of Balgowlah RSL Memorial Club (the company), which comprises the Statement of Financial Position at 31 December 2010 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Financial Report comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, accompanying notes to the financial statements, and the Directors' declaration for Balgowlah RSL Memorial Club for the year ended 31 December 2010.

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical

Providing certainty

4 James Place, North Sydney NSW 1585 T 002 9554 1400

8 Bridge Street, Sydney NSW 2000 T 002 9551 5422

100 Macquarie Street, Sydney NSW 2000 T 002 9551 5422

100 Macquarie Street, Sydney NSW 2000 T 002 9551 5422

requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 and fair presentation of the financial report 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, provided to the directors of Balgowlah RSL Memorial Club on 3 June 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

BALGOWLAH RSL MEMORIAL CLUB ABN 92 001 074 184 DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
 - i. Comply with Accounting Standards and the Corporations Regulations 2001; and
 - ii. Give a true and Fairview of the financial position as at 31 December 2010 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.



J T D McAteer - President



J E Langford - Treasurer

BALGOWLAH RSL MEMORIAL CLUB
ABN 92 001 074 184

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Revenue	2	10,522,392	11,110,189
Cost of goods sold	3	(1,781,086)	(1,784,171)
Employee benefits expense		(2,918,571)	(2,833,719)
Depreciation and amortisation expenses	3	(926,215)	(902,163)
Finance costs	3	(337,555)	(411,625)
Other expenses		(4,305,419)	(4,547,700)
Profit before income tax expense		253,546	630,811
Income tax expense		(35,651)	(20,732)
Profit for the year		217,895	610,079
Profit attributable to the members of the company		217,895	610,079

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	570,202	811,032
Trade and other receivables	6	47,191	94,200
Inventories	7	126,210	120,579
Other current assets	8	21,453	26,393
TOTAL CURRENT ASSETS		765,056	1,052,204
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,904,949	17,334,725
TOTAL NON-CURRENT ASSETS		16,904,949	17,334,725
TOTAL ASSETS		17,670,005	18,386,929
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,077,438	1,297,503
Borrowings	11	898,618	860,732
Current tax liabilities	12	45,119	30,584
Short-term provisions	13	230,841	211,025
TOTAL CURRENT LIABILITIES		2,252,016	2,399,844
NON-CURRENT LIABILITIES			
Borrowings	11	2,909,050	3,690,228
Long-term provisions	13	186,084	191,897
TOTAL NON-CURRENT LIABILITIES		3,095,134	3,882,125
TOTAL LIABILITIES		5,347,150	6,281,969
NET ASSETS		12,322,855	12,104,960
EQUITY			
Reserves	14	2,731,243	2,731,243
Retained profits		9,591,612	9,373,717
TOTAL EQUITY		12,322,855	12,104,960

BALGOWLAH RSL MEMORIAL CLUB**ABN 92 001 074 184****STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2010**

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 January 2009	8,763,638	2,731,243	11,494,881
Profit attributable to the member of the company	610,079		610,079
Balance at 31 December 2009	9,373,717	2,731,243	12,104,960
Balance at 1 January 2010	9,373,717	2,731,243	12,104,960
Profit attributable to the member of the company	217,895		217,895
Balance at 31 December 2010	9,591,612	2,731,243	12,322,855

BALGOWLAH RSL MEMORIAL CLUB
ABN 92 001 074 184

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
Cash flows from operating activities			
Receipts from Club Operations		11,101,168	12,017,095
Payments to Suppliers and Employees		(9,413,911)	(8,966,832)
Rent Received		199,889	170,453
Interest and Finance Charges Paid		(337,555)	(411,625)
Income Taxes Refund /(Paid)		(21,115)	26,982
GST Paid		(529,575)	(737,222)
Net cash provided by operating activities	21	998,901	2,098,851
Cash flows from investing activities			
Payments for Property, Plant and Furniture		(496,439)	(510,518)
Net cash provided by (used in) investing activities		(496,439)	(510,518)
Cash flows from financing activities			
Proceeds from / (Repayments of) Borrowings - Bank		(799,987)	(800,012)
Proceeds from / (Repayments of) Borrowings - Other		56,695	11,218
Net cash provided by (used in) financing activities		(743,292)	(788,794)
Net increase (decrease) in cash held		(240,830)	799,539
Cash and cash equivalents at beginning of financial year		811,032	11,493
Cash and cash equivalents at end of financial year	21	570,202	811,032

BALGOWLAH RSL MEMORIAL CLUB

ABN 92 001 074 184

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

This financial statements cover Balgowlah RSL Memorial Club as an individual entity. Balgowlah RSL Memorial Club is a company limited by guarantee, incorporated and domiciled in Australia.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

a. Income Tax

The company's liability for Income Tax arises for a financial year ending 30 June and relies on the continuing acceptance by the Australian Taxation Office of the mutuality principle. It is calculated on the net revenue from non-members and includes income from rentals and interest, less concessional deductions claimable under the Income Tax Assessment Act. The company uses substituted accounting period for income tax purposes as its financial year is from 1 January to 31 December. The income tax expense for the year ended 31 December 2010 is \$35,651 (2009 - \$20,732). The income tax provision for 2010 is \$45,119.

b. Inventories

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

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 is shown at their fair value, based on periodic, but at least biennial, valuations by the Valuer General. Freehold land is not depreciated.

Club Buildings and Renovations are stated at historical cost less depreciation. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

Plant, Equipment, Furniture are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure where applicable that is directly attributable to the acquisition of the items.

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

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

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 income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of Freehold Land are credited directly to Asset Revaluation Reserves in Members' Funds. To the extent that the increase reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases in the same class of asset are first charged against revaluation reserve to the extent that any credit balance exists in the revaluation reserve of that class of asset. Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment is offset against one another within that class but is not offset in respect of assets in a different class.

Depreciation

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

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

Class of Fixed Asset:	Depreciation Rate
Buildings	2.50%
Plant and Equipment	10%-20%
Poker Machines	10%-20%
Office furniture and equipment	7%-10%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the 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. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

f. Employee Benefits

- i. Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.
- ii. Long service leave
The liability for long service leave is recognised in the provision for employee entitlements as a non-current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.
- iii. Superannuation
The company contributes to accumulation superannuation plans. Contributions are charged against income as they are made.

g. 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.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

i. Revenue and Other Income

Revenue from subscriptions from members and associates are recognised in the year to which it relates while revenue from sale of goods is recognised upon the delivery of goods to customers. Member bonuses are treated as an expense, when redeemed, not when granted.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

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

Other Income

Income from other sources is recognised when the fee in respect of other products or services provided is receivable.

j. Borrowing Costs

Borrowing costs are amortised over the period of the loan.

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

l. Comparative Figures

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

m. Critical Accounting Estimates and Adjustments

The directors evaluate estimates and judgements incorporated into 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 Estimates

i. *Key estimates - Impairment*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

n. **Adoption of New and Revised Accounting Standards**

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Balgowlah RSL Memorial Club.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity

presented in the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 requires only the presentation of a single income statement.

The entity's financial statements now contain a statement of comprehensive income.

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 and which the company has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the company.

AASB 2009-8: Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard clarifies the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments.

These amendments are not expected to impact the company.

AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

This Standard specifies requirements for entities using the full-cost method in place of retrospective application of Australian Accounting Standards for oil and gas assets and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4, when the application of their previous accounting policies would have given the same outcome.

These amendments are not expected to impact the company.

AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

This Standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.

The amendments are not expected to impact the company.

AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

The amendments are not expected to impact the company.

AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010). This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the

transitional provisions in Interpretation 19. This Standard is not expected to impact the company.

AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably, in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the company.

The company does not anticipate early adoption of any of the above Australian Accounting Standards.

o. Trade and other payables

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

p. Borrowings

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

q. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less, if applicable, provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis and if there are any debts known to be uncollectible they are written off.

	Note	2010	2009
		\$	\$
2. REVENUE AND OTHER INCOME			
Gaming revenue		5,880,438	6,480,530
Sale of goods		4,189,288	4,186,210
Property rental		199,889	170,453
Commission and sundry income		133,360	154,032
Subscription and entrance fee		104,545	113,019
Interest received		14,872	5,945
Total Revenue		<u>10,522,392</u>	<u>11,110,189</u>
3. Expenses			
Cost of sales			
Bar		717,747	728,114
Bottle Shop		128,415	95,607
Catering		934,924	960,450
		<u>1,781,086</u>	<u>1,784,171</u>
Gross Profit		<u>8,741,306</u>	<u>9,326,018</u>
Finance costs		337,555	411,625
Depreciation on non-current assets		926,215	902,163
4. AUDITORS' REMUNERATION			
Auditing and compilation of the financial report		25,350	22,700
Review engagement - management accounts		-	1,312
Review engagement - fixed assets		-	5,860
Taxation services		9,079	7,406
		<u>34,429</u>	<u>37,278</u>

5. CASH AND CASH EQUIVALENTS

Cash on hand	170,000	170,000
Cash at Bank	200,202	341,032
Short Term Deposits	200,000	300,000
	<u>570,202</u>	<u>811,032</u>

6. TRADE AND OTHER RECEIVABLES**CURRENT**

Trade Debtors and Accrued Income	47,191	94,200
	<u>47,191</u>	<u>94,200</u>

7. INVENTORIES**CURRENT****At cost:**

Liquor Stock	96,106	87,189
Restaurant Stock	23,822	19,941
Uniform Stock	6,282	13,449
	<u>126,210</u>	<u>120,579</u>

8. OTHER ASSETS**CURRENT**

Prepayments	21,453	26,393
	<u>21,453</u>	<u>26,393</u>

9. PROPERTY, PLANT AND EQUIPMENT

Freehold land (at valuation)	4,205,000	4,205,000
Club Buildings (at cost)	16,013,070	15,932,433
Less accumulated depreciation	(4,633,855)	(4,230,580)
	<u>11,379,215</u>	<u>11,701,853</u>
Total land and buildings	15,584,215	15,906,853
Plant and Equipment (at cost)	1,878,122	1,813,309
Less accumulated depreciation	(1,413,364)	(1,177,583)
	<u>464,757</u>	<u>635,726</u>
Poker Machines (at cost)	2,111,749	1,771,806
Less accumulated depreciation	(1,266,823)	(979,660)
	<u>844,926</u>	<u>792,146</u>

Office furniture and equipment (at cost)	11,951	-
Less accumulated depreciation	(900)	-
	11,051	-
Total plant and equipment	1,309,683	1,427,872
Total property, plant and equipment	16,904,949	17,334,725

- (a) Movement in carrying amounts
For disclosure on movement in carrying amounts please refer to note 22(a) in the end of this financial report.

10. TRADE AND OTHER PAYABLES

CURRENT

Goods and services tax (net)	148,460	164,882
Other Creditors and Accruals	232,908	288,550
Trade Creditors	518,079	631,774
Unearned income - Rent in advance	103,905	131,606
Subscriptions in Advance	74,086	80,691
	1,077,438	1,297,503

11. BORROWINGS AND LEASES

CURRENT

Bank Loan (Secured)	800,000	800,000
Other Loans (Hire Purchase - Net of Deferred Finance Charges)	98,618	60,732
	898,618	860,732

NON-CURRENT

Other Loans (Hire Purchase - Net of Deferred Finance Charges)	96,967	78,157
Bank Loan (Secured)	2,812,083	3,612,071
	2,909,050	3,690,228

(a) In June 2007 the club varied its loan facilities with ANZ Bank to an amount of \$6,935,000 which included a commercial bill facility of \$5,871,000. The balance as at 31 December 2010 was \$3,612,083.52 which is being repaid at \$800,000 per annum. The finance was raised primarily to pay for the renovations to the Club Buildings which were completed in May 2007. The loan facilities are secured by a first mortgage over all the land owned by the Club. The Club also has an overdraft facility of \$300,000 which currently has a nil balance.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments

- not later than 12 months	15,877	23,614
- later than 12 months but not later than 5 years	-	15,877
- greater than 5 years	-	-

	15,877	39,491
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12. TAX

Liabilities

CURRENT

Income Tax	45,119	30,584
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	45,119	30,584
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13. PROVISIONS

Employee Entitlements	416,925	402,922
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	416,925	402,922
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Analysis of Total Provisions

Current	230,841	211,025
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Non-current	186,084	191,897
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	416,925	402,922
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14. RESERVES

Asset Revaluation Reserve	2,731,243	2,731,243
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	2,731,243	2,731,243
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The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(c). The balance standing to the credit of the reserve is not distributable.

15. EVENTS AFTER THE REPORTING PERIOD

(a) Matters subsequent to the end of the Financial Year

At the date of this report, there are no matters or circumstances which have arisen since 31 December 2010 that have significantly affected or may significantly affect:-

(i) the operations of the company;

(ii) the results of those operations: or

(iii) the state of affairs of the company

in financial years subsequent to 31 December 2010.

16. OPERATING SEGMENTS

The Company operates as a licensed club and operates in one geographical area, being Seaforth, New South Wales, Australia.

17. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The company's financial instruments consist of non-derivative instruments, namely deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

Specific Financial Risk Exposures and Management

(a) Credit risk

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.

(b) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

	2010	2009
	\$	\$

Financial liability and financial asset maturity analysis

Financial liabilities	Total	Total
Bank Loans	3,612,083	4,412,071
Hire Purchase Creditors	195,584	138,889
Total contractual outflows	<u>3,807,667</u>	<u>4,550,960</u>
Total expected outflows	<u>3,807,667</u>	<u>4,550,960</u>
Net (outflow)/inflow on financial instruments	(3,807,667)	(4,550,960)

Within 1 Year**Financial liabilities due for payment**

Bank Loans	800,000	800,000
Hire Purchase Creditors	98,617	60,732
Total contractual outflows	898,617	860,732
Total expected outflows	898,617	860,732
Net (outflow)/inflow on financial instruments	(898,617)	(860,732)

1 to 5 Years

Bank loans	2,812,083	3,612,071
Hire Purchase Creditors	96,967	78,157
Total contractual outflows	2,909,050	3,690,228
Total expected outflows	2,909,050	3,690,228
Net (outflow)/inflow on financial instruments	(2,909,050)	(3,690,228)

(c) Foreign exchange risk

The company is not exposed to fluctuations in foreign currencies.

(d) Price risk

The company is not exposed to any material commodity price risk.

18. COMPANY DETAILS

The registered office of the company is:

Balgowlah RSL Memorial Club

The principal place of business is:

Balgowlah RSL Memorial Club
Seaforth NSW 2092
AUSTRALIA

19. Key Management Personnel Disclosure**A. Directors**

The names of each person holding the position of Director of Balgowlah RSL Memorial Club during the financial year are:

J T D McAteer, G S McMillan, I G Reese, J E Langford, G K Hearnden, B Renshaw, J P Ardill.

B. Remuneration of Directors

Directors are paid a nominal honorarium of \$200 per month, while the Club President receives \$400 per month.

- C. **Related Party Transactions**
 During the year no Director of the company or related parties provided any goods or services to the company in exchange for payment.
- D. **Key Management Personnel Compensation**
 No Board member received any remuneration from the company during the year, however Directors in the course of carrying out their duties at meetings and on other occasions are provided with meals and drinks on a complimentary basis.

	2010	2009
	\$	\$
Short-term benefits	323,200	280,200
Post employment benefits	25,650	23,600
Total	348,850	303,800

20. **COMPANY LIMITED BY GUARANTEE**

The company is a company limited by guarantee under the Corporations Law. If the company is wound up, the Memorandum of Association states that each member, or within one year thereafter, is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company.

21. **CASH FLOW INFORMATION**

(a) Reconciliation of Cash

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

Cash	170,000	170,000
Cash at Bank	200,203	341,032
Short Term Deposits	200,000	300,000
	<u>570,203</u>	<u>811,032</u>

(b) Reconciliation of cash flow from operations with profit

	2010	2009
	\$	\$
Profit after income tax	217,895	610,079
Non-cash flows in profit:		
Depreciation and Amortisation	926,215	902,163
Changes in Assets & Liabilities:		
(Increase) / Decrease in Trade Debtors and Accrued Income	47,011	(13,710)
(Increase) / Decrease in Stock on Hand	(10,404)	(9,972)
Decrease/(Increase) in Prepayments	4,940	27,851
Increase / (Decrease) in Trade Creditors	(113,695)	375,492
Increase / (Decrease) in GST Payable	(16,422)	(23,489)
Increase / (Decrease) in Other Operating Liabilities	(85,177)	158,712
Increase / (Decrease) in Provision for Income Tax	14,535	26,982
Increase / (Decrease) in Other Provisions	14,003	44,743
Net cash provided by operating activities	998,901	2,098,851

22. (a) **MOVEMENT IN CARRYING AMOUNTS**

Movements in carrying amounts for each class of property, plant and equipment.

	Land	Club Buildings	Plant & Equipment	Poker Machines	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at the Beginning of the year	4,205,000	11,701,853	635,726	792,146	-	17,334,725
Additions		80,637	64,813	339,943	11,951	497,344
Disposals		-	-	-	-	-
Depreciation expense		(403,275)	(235,782)	(287,163)	(900)	(927,121)
Carrying amount at end of year	4,205,000	11,379,215	464,757	844,926	11,051	16,904,949

Balgowlah RSL Memorial Club

NOTES TO ANNUAL REPORT - CLUB PROPERTY

Pursuant to Section 41J (2) of the Registered Clubs Act for the financial year ended 31 December, 2010:

- a. the following properties are core property of the Club:
 - i. licensed premises at 30-38 Ethel St Seaforth NSW
 - i. licensed premises at 547 Sydney Rd Seaforth NSW
 - i. car park facilities at 30-38, Ethel St Balgowlah NSW
- b. the following properties are non-core property of the Club:
 - i. commercially leased premises located on ground floor of 547 Sydney Rd Seaforth NSW.

Notes to Members

- 1. Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.
- 2. Core property is any real property owned or occupied by the Club that comprises:
 - a. the defined premises of the Club; or
 - b. any facility provided by the Club for use of its members and their guests; or
 - c. any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
- 3. Non-core property is any other property (other than that referred to above as core property) and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
- 4. The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - a. the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - b. the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval;

- c. any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer:

These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself.

5. Non-core property is not subject to the limitations referred to in paragraph 4 and 5 above and can be disposed of without the Club having to follow the procedure referred to in paragraph 4 above.



Balgowlah RSL Memorial Club

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