

CAMPSIE RSL SUB-BRANCH CLUB LIMITED

FINANCIAL REPORT

31 DECEMBER 2015

AUDITORS

D. A STRATI & ASSOCIATES PTY LTD
Level 5, 376 Bay Street
Brighton Le Sands NSW 2216

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

FINANCIAL REPORT
31 DECEMBER 2015

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CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373
DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 31 December 2015.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Mr Neville Moloney	President Retired Board member for 5 years
Mr Gordon Malligan	Vice President Retired Board member for 9 years
Mr Gordon Brian	Director TAFE Teacher Board member for 34 years
Mr Lawrence Buongiorno	Director Bread Vendor Board member for 2 years
Mr Michael McGrath	Director Retired Board member for 2 years
Mr Tony Walsh	Director - appointed 26 February 2015 - retired 17 May 2015
Mr Robert Webb	Director – appointed 17 May 2015 Retired Board member for 1 year

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 activity of the company during the course of the financial year remained unchanged and was to provide members and their guests with amenities and facilities usually associated with that of a licensed club.

There were no other significant changes in the nature of activities of the company during the year.

MEMBERSHIP

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

	2015	2014
Ordinary	11,814	11,318
Life	2	2
	<u>11,816</u>	<u>11,320</u>

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS

The operating profit after income tax for the year amounted to \$4,788,693 compared with a profit of \$4,044,836 for the previous year. This result was after charging \$1,851,816 (2014: \$1,646,916) as an expense for depreciation.

DIVIDENDS

The company is a non-profit organisation and is prevented by its constitution from paying dividends.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review.

ENVIRONMENTAL REGULATIONS

The company's operations are subject to various environmental regulations under both Commonwealth and State legislation. The board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval from the end of the financial year and the date of this report any item, transaction, or event of a material or unusual nature likely, in the opinion of the Directors of the company to significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

DIRECTORS' MEETINGS

The number of directors' meetings and the number of meetings attended by each of the directors of the company during the financial year were:-

Director	Number of meetings held	Number of meetings attended
Mr Gordon Malligan	12	11
Mr Gordon Brian	12	12
Mr Lawrence Buongiorno	12	12
Mr Neville Moloney	12	12
Mr Michael McGrath	12	11
Mr Tony Walsh	3	3
Mr Robert Webb	8	7

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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DIRECTORS' REPORT (Continued)

INDEMNIFICATION AND INSURANCE OF OFFICERS

Since the end of the previous financial year the company has paid insurance premiums of \$2,826 in respect of directors' and officers' liability, legal expenses and insurance contracts for current and former directors and officers.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

DIRECTORS' BENEFITS

No director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the company with a director, firm of which a director is a member or an entity in which the director has a substantial financial interest.

PROCEEDINGS ON BEHALF OF 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.

The company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The directors have received the Independence Declaration from the Auditors as required under Section 307C of the Corporations Act 2001. The declaration is attached to this financial report.

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



Neville Moloney – Director



Gordon Malligan – Director

Dated: 31 March 2016 at Campsie

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C – CORPORATION ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been:

1. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

D.A STRATI & ASSOCIATES
Certified Practicing Accountants

A handwritten signature in black ink, appearing to be 'D. Strati', written over a large, faint circular stamp or watermark.

Domenic Strati
Brighton Le Sands
31 March 2016

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Revenues from ordinary activities			
Revenue from sale of goods		1,348,978	1,260,503
Revenue from gaming		26,252,058	22,996,874
Interest received		138,457	108,849
Members subscriptions		34,920	20,935
Other revenue		173,425	219,652
Total Revenue	2	<u>27,947,838</u>	<u>24,606,813</u>
Expenses from ordinary activities			
Cost of sales		(688,198)	(681,100)
Costs attributable to gaming		(1,399,855)	(823,370)
Poker machine taxes		(6,475,456)	(5,475,299)
Personnel expenses		(6,719,149)	(6,253,798)
Members amenities		(1,561,561)	(1,436,869)
Other expenses		<u>(4,423,689)</u>	<u>(4,225,943)</u>
Total Expenses		<u>(21,267,908)</u>	<u>(18,896,379)</u>
Profit before Depreciation and Impairment		6,679,930	5,710,434
Depreciation and amortisation		(1,851,816)	(1,646,916)
Profit before income tax	3	<u>4,828,114</u>	<u>4,063,518</u>
Income tax expense	4	(39,421)	(18,682)
Operating Profit for the year		<u>4,788,693</u>	<u>4,044,836</u>
Other comprehensive income			
Proposed Development Costs	5	(293,481)	(390,172)
Share of Loss in related entity	6	-	(822,248)
Other comprehensive income for the year		<u>(293,481)</u>	<u>(1,212,420)</u>
Profit for the year attributable to members		<u>4,495,212</u>	<u>2,832,416</u>

The accompanying notes form part of these financial statements

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	9,169,901	6,578,897
Trade and other receivables	8	82,472	125,785
Inventories	9	67,125	81,840
Other current assets	10	190,623	93,774
Total Current Assets		<u>9,510,121</u>	<u>6,880,296</u>
NON-CURRENT ASSETS			
Investment property	11	11,400,000	11,400,000
Intangible assets	12	4,540,000	4,540,000
Property, plant and equipment	13	31,568,503	30,148,739
Deferred tax assets	14	297,987	288,762
Other non-current assets	10	37,000	12,000
Total Non-Current Assets		<u>47,843,490</u>	<u>46,389,501</u>
TOTAL ASSETS		<u>57,353,611</u>	<u>53,269,797</u>
CURRENT LIABILITIES			
Trade and other payables	15	1,979,890	2,215,961
Financial liabilities	16	-	184,790
Short term provisions	17	757,113	706,532
Current tax liabilities	14	17,108	34,096
Total Current Liabilities		<u>2,754,111</u>	<u>3,141,379</u>
NON-CURRENT LIABILITIES			
Long term provisions	17	235,131	259,261
Total Non-Current Liabilities		<u>235,131</u>	<u>259,261</u>
TOTAL LIABILITIES		<u>2,989,242</u>	<u>3,400,640</u>
NET ASSETS		<u>54,364,369</u>	<u>49,869,157</u>
MEMBERS' EQUITY			
Retained earnings		32,006,458	27,511,246
Revaluation reserve		22,357,911	22,357,911
TOTAL MEMBERS' EQUITY		<u>54,364,369</u>	<u>49,869,157</u>

The accompanying notes form part of these financial statements

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Retained Earnings	Revaluation Reserve	Members Equity
	\$	\$	\$
Balance at 1 January 2014	24,678,830	10,682,667	35,361,497
Profit for the year	2,832,416	-	2,832,416
Revaluations			
- Club land and buildings	-	5,524,450	5,524,450
- Investment residential property	-	6,150,794	6,150,794
Balance at 31 December 2014	<u>27,511,246</u>	<u>22,357,911</u>	<u>49,869,157</u>
Profit for the year	4,495,212	-	4,495,212
Balance at 31 December 2015	<u>32,006,458</u>	<u>22,357,911</u>	<u>54,364,369</u>

The accompanying notes form part of these financial statements

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		30,633,632	26,919,299
Payments to suppliers and employees		(24,057,371)	(20,106,896)
Interest received		138,457	108,849
Net cash provided by operating activities	18 (a)	<u>6,714,718</u>	<u>6,921,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(3,938,925)	(5,918,897)
Net cash used in investing activities		<u>(3,938,925)</u>	<u>(5,918,897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans to associated entities		-	(543,248)
Repayment of borrowings		(184,790)	(385,643)
Net cash used in financing activities		<u>(184,790)</u>	<u>(928,891)</u>
Net (decrease) in cash and cash equivalents		2,591,004	73,464
Cash and cash equivalents at the beginning of year		6,578,897	6,505,433
Cash and cash equivalents at the end of year	18 (b)	<u><u>9,169,901</u></u>	<u><u>6,578,897</u></u>

The accompanying notes form part of these financial statements

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

The financial report is for the Campsie RSL Sub-Branch Club Limited as an individual entity, incorporated and domiciled in Australia. Campsie RSL Sub-Branch Club Limited is a company limited by guarantee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

Accounting Policies

a) Revenue Recognition

Revenue from the rendering of service or the sale of goods is recognised upon the delivery of the service or goods to members or other persons.

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

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

b) Inventories

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

c) Property Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings

In periods where the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in members' equity. Decreases that offset a previous increase of the same asset are recognised against fair value reserves directly in equity; all other decreases are recognised in the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

Core property is any real property owned or occupied by the Club that comprises:

- i. the defined premises of the Club; or
- ii. any facility provided by the Club for use of its members and their guests; or
- iii. 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.

There are restrictions on the Club's ability to dispose of core property. For example, core property can only be sold if 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.

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.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount.

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Investment Property

Investment property, principally comprising freehold residential land and buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at fair value.

Depreciation

The depreciable amount of all fixed assets, including building and capitalised leased assets but excluding freehold land are depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Class of Fixed Assets</u>	<u>Rates</u>
Buildings	2.5% - 10%
Property Improvements	2.5% - 10%
Plant, Equipment and Furniture	5% - 50%
Poker Machine Equipment	14% - 40%

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

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 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) Intangible Assets

Poker Machine Entitlements

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

e) Business Combinations

Club amalgamations are accounted for in accordance with AASB 3 Business Combinations using the acquisition method, with transaction costs directly attributable to the amalgamation forming part of the acquisition costs.

This method involves recognising the fair values of the identifiable assets acquired and liabilities assumed. The difference between the above items and the fair value of the consideration represents either goodwill or profit on amalgamation.

f) Leases

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provision to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

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

Held-to-maturity investments

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

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair value

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

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised in the profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of an asset belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k) 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l) Borrowing Costs

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

All other borrowing costs are recognised in the statement of comprehensive income over the period of the borrowings to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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 (ATO). 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 are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers

n) Income Tax

The company is assessable for income tax on the surplus of trading with persons other than members and on investment income. Receipts from members themselves, however, are not subject to income tax being in accordance with the principle of mutuality.

The charge for current income tax expense (benefit) is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

o) Comparative Figures

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

p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report 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.

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2: REVENUE AND OTHER INCOME

	2015	2014
	\$	\$
Bar trading	1,297,836	1,249,250
Showcase income	51,142	11,253
Revenue from sale of goods	<u>1,348,978</u>	<u>1,260,503</u>
Poker machines	26,108,333	22,857,942
Club Keno and tab commissions	143,725	138,932
Revenue from gaming	<u>26,252,058</u>	<u>22,996,874</u>
Interest received	<u>138,457</u>	<u>108,849</u>
Members subscriptions	<u>34,920</u>	<u>20,935</u>
ATM and vending machine commissions	56,630	71,481
Functions and bookings	23,409	21,960
Parental leave rebate	16,954	31,154
Staff training rebate	-	10,000
Supplier rebate	44,695	66,033
Sundry income	5,059	19,024
Gain on disposal of asset	26,678	-
Other income	<u>173,425</u>	<u>219,652</u>
Total revenue and other income	<u>27,947,838</u>	<u>24,606,813</u>

NOTE 3: PROFIT FOR THE YEAR

Profit from ordinary activities before income
tax expense has been determined after:

Expenses (excluding depreciation):

Direct Costs of:

- Bar trading	1,017,532	1,051,436
- Poker Machine trading	9,535,947	8,037,208
- Keno and TAB trading	201,574	209,030
Total Direct Cost of Trading	<u>10,755,053</u>	<u>9,297,674</u>

Depreciation of Non-Current Assets

- Property improvements	427,281	348,520
- Plant, equipment and furniture	519,388	451,590
- Poker machines & related equipment	905,147	846,807
	<u>1,851,816</u>	<u>1,646,916</u>

Remuneration of the auditor for:

- Audit of the financial report	29,300	28,800
- Other services	8,646	11,194
	<u>37,946</u>	<u>39,994</u>

Provision for employee entitlements:

Annual leave & Sick leave	350,069	465,281
Long service leave	10,766	81,167
	<u>360,835</u>	<u>546,448</u>

Provision for linked jackpots	<u>1,440</u>	<u>(4,903)</u>
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CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 4: INCOME TAX EXPENSE

	2015	2014
	\$	\$
a) The components of tax expense comprise:		
Current tax	47,057	39,737
Deferred tax	(7,636)	(21,055)
	<u>39,421</u>	<u>18,682</u>
b) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable/(benefit) on profit/(loss) from ordinary activities	1,448,434	1,219,055
Add:		
Tax effect of:		
- the net profit/(loss) attributed to members	(1,401,377)	(1,179,318)
Less:		
Tax effect of:		
- movement in leave provisions	779	(18,523)
- movement in other provisions	(8,415)	(2,532)
	<u>39,421</u>	<u>18,682</u>

NOTE 5: DEVELOPMENT COSTS

Development pre-commencement costs have been expensed and included in the statement of comprehensive income. These costs have been incurred at the preliminary and concept stage of the proposed development of the club's premises and cannot be classified as property, plant & equipment according to the Australian Accounting Standards

<u>293,481</u>	<u>390,172</u>
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NOTE 6: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Campsie RSL Sub- Branch Club Limited has an equity interest in an entity which at reporting date owes the club \$1,000,000. An amount totalling \$1,000,000 was expensed in prior years.

<u>-</u>	<u>822,248</u>
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CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 7: CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash on hand	985,000	785,000
Cash at bank (Cheque Acc.)	-	1,027,383
Cash at bank (Business Saver Acc.)	1,488,207	4,377,357
Cash at bank (Gaming Acc.)	62,895	41,569
Cash at bank (Phoenix Acc.)	5,162	14,159
Cash at bank (Mortality Fund Acc.)	1,197	1,400
Cash at Bank (Belmore Gaming Acc.)	36,807	11,273
Cash at Bank (Belmore Mortality Acc.)	940	1,450
Cash at Bank (Notice Saver Acc.)	5,800,000	-
Cash at Bank (Trading Acc.)	763,431	289,294
Cash at Bank (Management Payroll Acc.)	26,262	30,014
	<u>9,169,901</u>	<u>6,578,897</u>

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	8,585	9,243
Other receivables	73,887	74,016
FBT Receivable	-	39,847
GST Receivable	-	2,679
	<u>82,472</u>	<u>125,785</u>

NOTE 9: INVENTORIES

CURRENT

Bar and liquor at cost	67,125	81,595
Vouchers at cost	-	245
	<u>67,125</u>	<u>81,840</u>

NOTE 10: OTHER ASSETS

CURRENT

Prepayments	<u>190,623</u>	<u>93,774</u>
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NON-CURRENT

Club All Sports	1,000	1,000
Club Promotional Strategies Pty Ltd	25,000	-
Security deposit - TAB	<u>11,000</u>	<u>11,000</u>
	<u>37,000</u>	<u>12,000</u>

NOTE 11: INVESTMENT PROPERTY

Residential freehold land and buildings		
At independent valuation -2014	<u>11,400,000</u>	<u>11,400,000</u>

Residential freehold land and buildings are
Non-Core property of the Club;

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12: INTANGIBLE ASSETS

	2015	2014
	\$	\$
Poker machine licences - at cost	1,450,438	1,450,438
Add revaluation increment	3,089,562	3,089,562
Poker machine licences - at valuation	<u>4,540,000</u>	<u>4,540,000</u>

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

Club land and buildings		
at independent valuation - 2014	24,897,619	24,897,619
Building improvements - at cost	1,082,709	-
Less accumulated depreciation	(427,281)	-
	<u>25,553,047</u>	<u>24,897,619</u>
Plant and equipment - at cost	3,924,690	3,085,828
Less accumulated depreciation	(1,538,427)	(1,091,487)
	<u>2,386,263</u>	<u>1,994,341</u>
Capital works project - at cost	716,137	-
	<u>716,137</u>	<u>-</u>
Furniture, fixtures and fittings - at cost	379,665	377,385
Less accumulated depreciation	(213,362)	(159,501)
	<u>166,303</u>	<u>217,884</u>
Poker machines and related equipment - at cost	6,223,811	6,187,295
Less accumulated depreciation	(3,612,421)	(3,181,956)
	<u>2,611,390</u>	<u>3,005,339</u>
Motor vehicle - at cost	157,712	148,178
Less accumulated depreciation	(22,348)	(114,621)
	<u>135,363</u>	<u>33,556</u>
Total property, plant and equipment	<u>31,568,503</u>	<u>30,148,739</u>

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 31 December 2015:

(a) Club land and buildings that are Core property of the Club;

- (i) 25 Anglo Road, Campsie (club building)
- (ii) 427-435 Burwood Road, Belmore (club building)
- (iii) 17 Acacia Street, Belmore (club carpark)

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement in the carrying amounts (depreciated values) for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land and Buildings	Building Improvements	Plant, Equipment	Capital Works Project	Furniture, Fixtures and Fittings	Poker Machines and Equipment	Motor Vehicles	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	24,897,619	-	1,994,341	-	217,884	3,005,339	33,556	30,148,739
Additions	-	1,082,709	838,861	716,137	2,281	835,730	127,807	3,603,525
Disposals - written down value	-	-	-	-	-	(324,533)	(7,412)	(331,945)
Revaluation	-	-	-	-	-	-	-	-
Depreciation	-	(427,281)	(446,939)	-	(53,861)	(905,146)	(18,588)	(1,851,816)
Carrying amount at the end of year	24,897,619	655,428	2,386,263	716,137	166,303	2,611,390	135,363	31,568,503

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14: TAX

	2015	2014
	\$	\$
ASSET		
NON-CURRENT		
Provision deferred tax assets	<u>297,987</u>	<u>288,762</u>
LIABILITY		
CURRENT		
Income tax payable	<u>17,108</u>	<u>34,096</u>

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT		
Unsecured liabilities:		
Trade payables	599,933	1,138,265
Accrued expenses	217,809	173,900
FBT payable	26,883	-
Goods and services tax	160,692	95,026
PAYG withholding tax	149,734	103,772
Payroll tax liability	36,347	28,365
Poker machine duty	660,140	540,993
Superannuation	59,990	43,751
Members subscriptions in advance	68,362	62,462
Inter-Club Funds: - Golf Club	-	29,428
	<u>1,979,890</u>	<u>2,215,961</u>

NOTE 16: FINANCIAL LIABILITIES

Current		
Contract for Poker Machines:	<u>-</u>	<u>184,790</u>

NOTE 17: PROVISIONS

Short-term		
Employee entitlements:		
Annual leave & sick leave	574,252	554,417
CDSE Scheme	140,673	111,367
Poker Machines		
Provision for linked jackpots	42,188	40,748
	<u>757,113</u>	<u>706,532</u>
Long-term		
Employee entitlements:		
Long service leave	199,531	221,961
Mortality fund provision	35,600	37,300
	<u>235,131</u>	<u>259,261</u>

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 18: CASH FLOW INFORMATION

	2015	2014
	\$	\$
18 (a) Reconciliation of cash flow from operations with profit after income tax:		
Profit/(Loss) after income tax	4,788,693	4,044,836
Non-cash flows in profit:		
Gain on Amalgamation		
Depreciation	1,851,816	1,646,915
Net loss on disposal of plant and equipment	361,131	165,832
Income tax expense	39,421	18,682
Changes in assets and liabilities:		
Decrease/(increase) in receivables	43,313	(28,461)
Decrease/(increase) in inventories	14,715	(3,458)
Decrease/(increase) in other assets	(121,849)	276,325
Increase/(decrease) in payables	(236,071)	730,245
Increase/(decrease) in provisions	(26,451)	70,336
Net cash provided by (used in) operating activities	6,714,718	6,921,252

18 (b) Reconciliation of cash

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

Cash	9,169,901	6,578,897
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NOTE 19: MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$2 each towards meeting the outstanding obligations of the company. At 31 December 2015 the number of members was 11,816 (2014: 11,320).

NOTE 20: POKER MACHINE ENTITLEMENTS

The company acknowledges that Poker Machine Entitlements now have a value. The value of these entitlements is the market value determined by the trading of such entitlements. Clubs NSW has provided a deemed value of \$20,000 for each entitlement. The club currently has two hundred and twenty seven (227) poker machine entitlements.

CAMPSIE RSL SUB-BRANCH CLUB LIMITED**A.B.N. 42 001 044 373****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****NOTE 21: CONTINGENT LIABILITIES****Mortality Fund**

A contingent liability of \$35,600 (2014: \$37,300) exists in respect of 223 (2014: 234) members of the company who are entitled to benefits under the company's Mortality Fund. An amount of \$35,600 (2014: \$37,300) has been provided in the financial report (refer Note 16) to meet this obligation.

NOTE 22: RELATED PARTY TRANSACTIONS

The name of each person holding the position of director of the club during the financial year is listed in the Directors Report.

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

Key Management Personnel

Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, include the directors and senior management. Total compensation for key management personnel including directors and senior management for the financial year is set out below:

Compensation by category

	2015	2014
	\$	\$
<u>Directors:</u>		
Directors honorariums and expenses	20,800	19,650
<u>Senior Management:</u>		
Short term entitlements	924,655	973,827
Post retirement entitlements - superannuation	71,682	57,106
Total Remuneration	<u>1,017,137</u>	<u>1,050,583</u>

Directors

All directors' positions are honorary. The directors' remuneration in the nature of honorariums and expense reimbursements, and is capped at the amounts approved each year by the members at the Annual General Meeting. The remuneration of directors' are all short term benefits; the directors are not entitled to post retirement or other long term benefits.

Senior Management

Senior Management are entitled to normal annual leave, sick leave, and long service leave (subject to qualification) and superannuation benefits, they are not entitled to any other long term benefits except superannuation.

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 23 Financial Instruments

Financial risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases. The main purpose of local money market instruments is to raise finance for company operations.

Specific 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.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company exposure to interest rate risk arises predominantly from assets and liabilities bearing variable interest rates, as the company intends to hold fixed rate assets and liabilities to maturity.

(b) Liquidity risk

Exposure to liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non performance by counter parties of contract obligations that could lead to a financial loss to a company. The maximum exposure to credit risk, by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet 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.

Financial Asset and Liability Analysis

	Floating Interest Within 1 Year		Fixed Interest 1 to 5 Years		Non Interest Bearing		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and Cash equivalents	9,169,901	6,578,897	-	-	-	-	9,169,901	6,578,897
Receivables	-	-	-	-	82,472	125,785	82,472	125,785
Total Financial Assets	9,169,901	6,578,897	-	-	82,472	125,785	9,252,373	6,704,682
Financial Liabilities								
Trade and Other payables	-	-	-	-	1,979,890	2,215,962	1,979,890	2,215,962
Financial Liabilities	-	-	-	-	-	184,790	-	184,790
Total Financial Liabilities	-	-	-	-	1,979,890	2,400,752	1,979,890	2,400,752

Net Fair Values

The net fair values of assets and liabilities approximates their carrying value. No financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 24: CAPITAL AND LEASING COMMITMENTS

At the end of the financial year the company had the following outstanding capital commitments:

	2015	2014
	\$	\$
Plant & Equipment		
Within One Year	9,759	2,445
One year or later and within five years	-	2,038
	<u>9,759</u>	<u>4,483</u>

NOTE 25: ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is subject to various environmental regulations under both Commonwealth and State legislation. The board believes that the company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the reporting date that would have a material effect on the company's financial statements as at 31 December 2015.

NOTE 27: COMPANY DETAILS

The registered office of the company is:
25 Anglo Road
CAMPSIE NSW 2194

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N 42 001 044 373

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Campsie RSL Sub-Branch Club Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 5 to 24, are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the company.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director  Neville Moloney

Director  Gordon Malligan

Dated: 31 March 2016 at Campsie

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CAMPSIE RSL SUB-BRANCH CLUB LIMITED

We have audited the accompanying financial report of Campsie RSL Sub-Branch Club Limited, which comprises the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

CAMPSIE RSL SUB-BRANCH CLUB LIMITED
A.B.N. 42 001 044 373

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Opinion

In our opinion, the financial report of Campsie RSL Sub-Branch Club Limited is in accordance with the Corporations Act 2001, including:

- (i). giving a true and fair view of the financial position of Campsie RSL Sub-Branch Club Limited at 31 December 2015 and of its financial performance for the year ended on that date; and
- (ii). complying with Australian Accounting Standards and the Corporations Regulations 2001.

D.A STRATI & ASSOCIATES
Certified Practising Accountants

A handwritten signature in black ink, appearing to read 'D. Strati', enclosed within a large, loopy circular flourish.

Domenic Strati
Brighton Le Sands
31 March 2016