



## notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the Ballina RSL Club Limited ACN 001 040 839 will be held in function room 5 of the Ballina RSL Club, River Street, Ballina on Sunday, 18 November, 2007 commencing at 9.30am.

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ballina rsl

ABN 62 001 040 839

ACN 001 040 839

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## agenda

1. Apologies
2. Confirmation of the Minutes of the Annual General Meeting held on Sunday 19 November 2006.
3. To receive and consider the Annual Report of the Board of Directors.
4. To receive and consider the Statement of Financial Performance and Statement of Financial Position for the year ended 30th June 2007 and the Auditors report thereon.
5. To consider and set the limit for the Chairperson's Honorarium, net of PAYG, for the ensuing year.
6. To consider and if thought fit pass the Ordinary Resolutions as set out below.

### first ordinary resolution

That pursuant to the Registered Clubs Act, 1976, as amended, the members hereby approve and agree to the members of the Board during the period preceding the 2008 Annual General Meeting receiving the following benefits and the members further acknowledge that the benefits outlined in subparagraphs (i) (viii) are not available to members generally, but only to those members who are elected to the Board of the Directors of the Club:

- i. The reasonable cost of meals and refreshments for each Director before or after each Board or Committee meeting;
- ii. The reasonable cost in relation to the professional development and education of Directors including:
  - a) Directors attending the Annual General Meeting of ClubsNSW;
  - b) Directors attending other meetings of Associations of which the Club is a member;
  - c) Directors attending seminars, lectures, trade displays, organised study tours, fact finding tours and other similar events as may be determined by the Board from time to time;
  - d) Directors attending other registered clubs or gaming venues for the purpose of observing their facilities and methods of operation;
  - e) Directors attending conferences and training sessions in relation to their roles and responsibilities under the Registered Clubs Act, Corporations Act 2001 and any other relevant legislation; and
  - f) Directors attending functions with partners, where appropriate and required to represent the Club.
- iii. reasonable expenses incurred by the Directors in travelling by either private or public transport to and from Board or other duly constituted Committee meetings, either within the Club or elsewhere and approved by the Board on production of documentary evidence of such expenditure;
- iv. reasonable expenses incurred by Directors either within the Club or elsewhere in relation to such other duties including entertainment of special guests of the Club and other promotional activities approved by the Board on production of documentary evidence of such expenditure;
- v. the reasonable cost of the provision of blazers and associated apparel for the use of each Director when representing the Club;
- vi. reasonable expenses for the provision of a Chairperson's Dinner once a year and on other such occasions as the Board might approve with the persons in attendance to comprise the Directors and their partners and persons (with their partners) chosen by the Chairperson who have supported the Club during the relevant year and thereby promoted the success of the Club;
- vii. the payment of Director's and Officers' insurance cover premiums; and
- viii. The provision and marking out of car parking spaces for the exclusive use of Directors and disabled persons (being Members or guests of Members).

### second ordinary resolution

That the current amenities and benefits such as accommodation, administrative services, reasonable refreshments in relation to meetings and commemorative services, being provided for the following groups within the Club are agreed upon by this Annual General Meeting:

- The Returned and Services League of Australia.
- The Naval Association of Australia.
- A.F.C & R.A.A.F Association.
- Korea-S.E. Asia-Vietnam Veterans Association.
- Ex-Prisoners of War Association.
- The R.S.L Of Australia – Women's Auxiliary.
- Ballina R.S.L Club Sports Council and Affiliated Clubs.
- Ballina R.S.L. Club Limited Life Members.

### third ordinary resolution

Having given prior notice to the Board of Directors that we propose submitting the name of Mrs Beverley Frances YOUNG (#14158) for consideration by the members at the Annual General meeting to be held on 18 November 2007, for Life Membership. It was unanimously decided by the Board to submit this name accordingly.

We now formerly move:

"That Life Membership of the Ballina RSL Club Limited be bestowed upon Mrs Beverley Frances YOUNG for long and meritorious service as a Director of the Club"

NG Mulholland – Membership No. 3007

NJ McCallum – Membership No. 113

### fourth ordinary resolution

Having given prior notice to the Board of Directors that we propose submitting the name of Mr Bruce Richard STACY (#201) for consideration by the members at the Annual General meeting to be held on 18 November 2007, for Life Membership. It was unanimously decided by the Board to submit this name accordingly.

We now formerly move:

"That Life Membership of the Ballina RSL Club Limited be bestowed upon Mr Bruce Richard STACY for long and meritorious service as a Director of the Club"

NG Mulholland – Membership No. 3007

NJ McCallum – Membership No. 113

### fifth ordinary resolution

That each Director (excluding the Chairperson) be provided with an internal club card facility, up to a maximum value of \$100 per month, for use on club premises.

## note to members

- a) To be passed the Ordinary resolutions must receive votes in their favour from a majority of those members who, being eligible to do so, vote in person at the meeting.
  - b) The Ordinary Resolutions cannot be amended from the floor of the meeting.
  - c) The proposing of the first and second Ordinary Resolutions is a requirement under the Registered Clubs Act.
  - d) The Board of Directors recommends to members that they vote in favour of each of the Ordinary Resolutions.
7. To deal with any other business that the meeting may approve of, which due notice has not been given.
  8. To announce the result of the ballot and to declare those Directors elected for the next two (2) years.

**By Order of the Board**

**WG Coulter**

General Manager/Secretary





# chairman's report

It is with pleasure that I present to you my report into the performance of our Club for the 12 month period ended 30 June 2007.

Members should be delighted with the Club's performance as evidenced by the surplus of funds recorded on page 5 of this Annual Report. The Board, management and staff are to be congratulated on this wonderful achievement, accomplished as it was in a very competitive market place. Your Club faces new challenges during the financial year 2007/2008 and beyond. The Board and management will need to confront these challenges head on if the Club wishes to consolidate its financial position and move ahead of its competitors. The Board is delighted with the Club's overall performance during the year under review.

## Smoking Legislation

New legislation in relation to the prohibition of smoking within clubs is effective from July 2007. The introduction of no smoking in clubs in Victoria and Queensland has had a dramatic adverse effect on gaming revenue in those states. It has been estimated that gaming turnover in New South Wales will see revenue in clubs decrease by something in the order of 10 %. Clubs must therefore face the inevitability of change and initiate strategies to increase trade in other areas, such as food, beverage and entertainment.

## Renovation of the Ground Floor

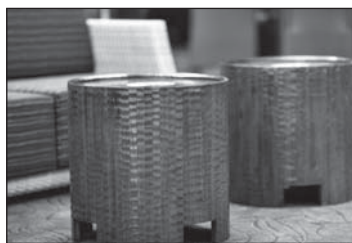
With this and other objectives in mind, extensions to the Ground Floor of the Club's operations commenced in May 2007 after extensive consultation between the Board, management, architects and the construction company. The objective was to provide you, the member, with high quality facilities that would create a relaxing atmosphere and an environment where members could enjoy their leisure time while taking in the views over our beautiful river.

For your increased safety and as part of the renovation programme, the fire systems have been upgraded and additional fire egress points have been established within the Club. In addition to this and for your increased safety, fire compartments have been introduced throughout the building. In the unfortunate event of a fire, these compartments will allow for the sealing off of effected areas to protect you and to limit damage to an absolute minimum. Also, the air conditioning has been completely upgraded to ensure that clean air is circulated throughout the Club.

Members will also be pleased to learn that Waves Bistro has been demolished and refurbished and has been renamed "The Boardwalk". For your added enjoyment "The River Café" coffee and snack facility will open and this should provide another high quality venue where members may relax and socialise. The whole of the south west corner of the Club now offers unrestricted views over the Richmond River. I am sure you will be delighted, as I am with these new and modern facilities.

Our Club's success over the past financial year was not a matter of luck but rather as a consequence of a considerable amount of hard work and strategic planning on the part of many people. In particular I would like to record my sincere thanks and appreciation to:-

- My fellow Board members for their friendship and tolerance, as well as their wise counsel and the contribution each of them has made to our Club and its members.
- To the General Manager, Bill Coulter, the management and staff of our Club. I believe our Club is the best and the reason for that is the team responsible for the day to day operations. Sure they do not always get it right but that is the case in any large operation involving as it does a wide mix of personalities as well as regular staff changes. The management team in particular has been under extreme pressure due to, among other things, the relocation of the whole of our operations to level 1 and the considerable amount of additional work associated with the building operations. I am particularly proud of the way in which they responded to these frequent and new challenges
- To all of the members of committees of our Sporting Clubs, my personal thanks and those of the Board for a job well done. I do appreciate your efforts on behalf of your various clubs that form such an important part of our club scene.



I would also like to extend sympathy to the family and friends of those members of our Club who passed away during the past year.

Each year the club movement seems to be entering new and uncharted waters while at the same time confronting other challenges that place increased pressure on the Board, management and staff. External forces continue attempts to erode our share in the market place. To date our team has been able to overcome all of these obstacles and I hope members appreciate these facts.

In the year ahead members will have a wonderful opportunity to enjoy all of the modern facilities being provided for them in their "new look" Club. For many people clubs offer a sanctuary where hospitality and friendship is available whenever we care to enjoy the experience. I know the Board and management are committed to ensuring that this friendly atmosphere remains and continues to prosper for future generations of members.

Finally, I am not standing for re-election this year. I have had a wonderful 14 years as a director of this Club. I have done my job to the best of my ability but the time has come for me to spend more time with my wife and family. I will greatly miss the Club and all of the wonderful people I have been associated with over this long period. I take this opportunity to wish you all the very best of good health, happiness and prosperity in the years ahead.

Best wishes

**Bob Grant**

Board Chairman





# general manager's report

It is my pleasure to present the General Managers report to members for the year ending 30 June 2007.

In the year under review your club has recorded a combined operating surplus after income tax of \$1,157,072. Trading across all segments has increased resulting in turnover for the twelve months ending 30 June increasing by 3.3% on 2005/006 despite the fact that we experienced some minor disruptions emanating from the renovation program that commenced at the River Street club in April of this year. Importantly, the Cashflow surplus from operations for the year was \$2.3m thereby providing the Board with a sound financial platform to move forward with confidence in the renovation program at the River Street club.

For the benefit of members the following chart provides a breakdown of the financial performances for the River Street and Canal Rd club operations:

Premises	2006/07	2005/06
River Street	\$1,046,112	\$762,053
Canal Rd	\$110,960	(\$6,764)
Consolidated Profit	\$1,157,072	\$755,289

Clearly the profitability of our Canal Rd operations has shown a significant turn around over the past three years and particularly so over the last twelve months and the management and staff are to be once again commended for their magnificent efforts in achieving this result. Thanks must also go to our members and guests who have shown their unwavering spirit and desire to support this facility and thereby enjoying the real benefits that are on offer.

The Board has continued it's commitment throughout the year in supporting the community by contributing in excess of \$231,000 in cash and in kind support through the Community Development Support Expenditure (CDSE) program.

I would like to congratulate all of our internal sporting clubs for the excellent spirit in which they have contributed to the ongoing success of the club throughout the year and particularly to those groups that have experienced interruptions to their regular activities due to the unavailability of facilities at River Street, thank you for your patience.

Our membership capacity at 30 June 2007 stood at 16,287 which is an increase of 2% on 2006 and we expect the growth in membership to be exponential over the coming years as new members come on line and begin to enjoy the range of new benefits and facilities that are being provided.

As outlined in the recent edition of "Ballina Clublife" we very much look forward to the unveiling and opening of the new look club facilities in River Street which is a culmination of over two years of planning and the actual six months of development and construction work. One of the many exciting facets of the 'new look' ground floor will be the opening of the Boardwalk food outlet and the River Café. The foundation for the clubs future success has been captured by our 3-time 'Chefs Table' gold medal winners who will unveil the new look in mid October. Another great achievement by the club throughout the



year was the recognition as the Best Service Club Award in the Ballina Business Excellence Awards. This achievement is a true testimony of the outstanding talents and efforts of all of the staff across all business entities.

This year sees the retirement of the incumbent Board Chairman Bob Grant and it is widely recognised that his passion and tireless commitment to not only the club but the community of Ballina will be greatly missed. I would like to personally thank Bob for his leadership and direction over the past 14 years and wish him and his wife Nancy good health in their retirement. Likewise the Board and in particular the Project Committee, have worked tirelessly throughout the year in the planning and execution of the Masterplan Priority One renovation program and I am proud to say that the results to date are very pleasing.

The year 2008 will no doubt present many more challenges for the Board, Management and Staff, hence the need to undertake ongoing reviews of our strategic direction. This exercise is expected to be undertaken early in the new year and will form the foundation of our future in the next three to five years. The changing environment within which we operate in terms of the legislative framework, changing consumer trends and the economic climate attest to the need to be even more focussed on our business as we prepare for the next phase of our club's future.

The management team and the wonderful team of service people we have working across our business sites have given above and beyond over the past twelve months in what has been a truly challenging however no less exciting period in the clubs history. I am proud to have been a part of the "team" and I thank them for their unwavering support and loyalty.



This years annual report is in a concise format that provides discussion and analysis thereby enabling members to gain a clearer understanding of the information provided. Should members wish to obtain a copy of the full Financial Report they can do so by contacting our administration office at any time.



**Bill Coulter**

General Manager



# directors report

ballina rsl club limited a.b.n. 62 001 040 839

The directors have pleasure in presenting their report together with the financial report of the company for the year ended 30 June 2007 and the Auditors' Report thereon. In accordance with the provisions of Section 299 of the Corporations Act 2001, the directors report that:

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

<b>Robert Grant</b>	<b>Keith Spearing</b>
<b>Beverley Young</b>	<b>Gary Hooley</b>
<b>Hans Willems</b>	<b>Noel McCallum</b>
<b>Noel Allen</b>	<b>Norman Mulholland</b>
<b>Bruce Stacy</b>	<b>Graham Brown</b>
<b>Edward Armstrong</b> (resigned 30 June 2007)	

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

## 2. Principal Activities

The principal activity of the company is to provide licensed club facilities to its members and their guests.

## 3. Operating Results

The profit after income tax was \$1,157,072 (2006 profit \$755,289).

## 4. Review of Operations

A review of the operations of the Company during the financial year and results of those operations found that changes in market demand and competition have seen an increase in revenue of 3.33% to \$18,964,254. The increase in revenue was generated from the company's business operations. The Club has commenced extensive renovations to the River Street premises to improve members amenities and comply with new smoking laws effective 1 July 2007. The total value of refurbishments is approximately \$7million.

## 5. Significant Changes in State of Affairs

There has been no significant change in the state of affairs of the company that has occurred during the financial year.

## 6. Future Developments

The company expects to complete the ground floor renovations to its River Street premises in October 2007.

## 7. Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance subsequent to balance date that has significantly affected or may significantly affect:

- the operations of the company
- the results of those operations, or
- the state of affairs of the company in the financial year subsequent to 30 June 2007.

## 8. Environmental Issues

The company is subject to environmental regulations and prides itself in its compliance and environmentally friendly work practices. No breaches of regulations have occurred in this reporting period.

## 9. Important Information for Members, in a format approved by the Director of Liquor and Gaming

In accordance with Section 41(h) of the Registered Clubs Act (1976), directors advise:

- no director made any declarations of material personal interests.
- there were no declarations of gifts received by directors, top executives and employees during the 2007 financial year.
- one top executive received total remuneration in the band \$150,000 to \$159,999.
- no director or employee embarked on any overseas travel on behalf of the club.
- no loans were provided by the club to any employee or director in excess of \$1,000 (or individual amounts which added to other loans amounts to \$1,000 or more).
- the Club has not entered into any controlled contracts during the 2007 financial year.
- the club has employed Trish Cook who is a close relative of a top club executive. Trish Cook is employed on Clubs NSW Award conditions no more favourable than any other employee with similar experience.

viii) During the financial year the club engaged the services of the following consultants:

consultant	nature of consultancy	amount paid
DBL Property	Building renovation superintendent	106,413
Altis Architecture	Architectural design	211,643
Ardill Payne Partners	Structural engineer	75,993
George Floth & Assoc	Services engineer	46,834

- the total amount paid to consultants other than those over \$30,000 covered by the preceding disclosure was \$530,107.

The directors consider services provided by a consultant to be those of a specific nature by a person or entity that is independent of the management of the club where those services are not related to ongoing day-to-day operational activities of the club.

- there were no settlements made with a director of the club or an employee of the club as a result of any legal dispute during the 2007 financial year.
  - there were no legal fees paid by the club on behalf of a director or any employee of the club during the 2007 financial year.
  - no director or top executive has held any interests in a hotel during the 2007 financial year.
  - total profits from the operation of approved gaming machines during the 12 month gaming machine tax period 1 September 2005 to 31 August 2006 totalled \$10,836,566.
  - the amount applied to community development and support under Part 4 of the Gaming Machine Tax Act 2001 during the gaming machine tax period was \$231,664.
- Directors also advise:
- original declarations, disclosures and returns made pursuant to sections 41C, 41D, 41E and 41H of the Act are held by the Secretary and may be inspected by members upon written application.
  - The Club's serial number is 235238 and its registered name and reporting date appear elsewhere in this report.

## 10. 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 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 financial year.

## 11. Directors Information

In accordance with Section 300 (10) of the Corporations Act 2001 particulars of the qualifications, experience and special responsibilities of the company's directors are as follows:

director	qualifications & experience	special responsibilities
Grant, Robert Edward	Director 14 years	Chairperson
Mulholland, Norman George	Director 16 years	Deputy Chairperson
Hooley, Gary John	Director 16 years	Vice Chairperson
Young, Beverley Frances	Director 10 years	Treasurer
Allen, Noel William	Director 10 years	Director
Ted Armstrong (resigned 30 June 2007)	Director 14 years	Director
McCallum, Noel John James	Director 4 years	Director
Stacy, Bruce Richard	Director 10 years	Director
Brown, Graham Winston	Director 8 years	Director
Spearing, Keith Hylton	Director 6 years	Director
Willems, Hans Arnold	Director 4 years	Director

No director of the company has or has had an interest in a contract or a proposed contract with the company, which is required to be declared in accordance with Chapter 2E of the Corporations Act except for those disclosed in the notes to the financial statements.

## 12. Directors Attendances - Ordinary and Special Board Meetings

During the year there were 24 ordinary and special meetings held. The attendance record of the meetings is as follows:

directors	ordinary	apology	leave of absence
Robert Grant	23	1	
Norman Mulholland	23		1
Gary Hooley	23		1
Beverley Young	23	1	
Noel Allen	17		7
Ted Armstrong (resigned 30 June 2007)	17	6	1
Graham Brown	24		
Noel McCallum	19		5
Keith Spearing	23		1
Bruce Stacy	20	3	1
Hans Willems	24		





### 13. Indemnifying Officer or Auditor

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During or since the financial year the company has paid premiums to insure each of the directors named in this directors' report and the club's officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of officer of the company, other than conduct involving a wilful breach of duty in relation to the company, details of which are to remain confidential under the terms of the policy.

### 14. Auditors' Independence Declaration

The Directors have received and acknowledged the attached Auditors' Independence Declaration.

Signed in accordance with the resolution of directors

**R Grant** - Chairperson

**N Mulholland** - Deputy Chairperson

Dated at Ballina this 23rd day of August 2007.

## directors' declaration for year ended june 30th 2007

### In accordance with a resolution of the directors of Ballina RSL Club Limited, in the opinion of the directors:

- (a) the accompanying financial statements and notes are drawn up so as to give a true and fair view of the financial position, performance and cash flows of the company for the financial year; and
- (b) the financial statements and notes:
  - have been prepared in accordance with Division 1 of Part 2M.3 of the Corporations Act 2001; and
  - give a true and fair view of the matters dealt with by that Division.
- At the date of this declaration, there are reasonable grounds to believe that the company can pay its debts as and when they become due and payable.
- The financial statements and notes have been prepared in accordance with applicable Accounting Standards in Australia and the Corporations Regulations 2001.

Dated at Ballina this 23rd day of August 2007.

For and on behalf of the Board

**R Grant** - Chairman

**N Mulholland** - Deputy Chairperson

## balance sheet for year ended june 30th 2007

	Notes	2007 \$	2006 \$
<b>CURRENT ASSETS</b>	6		
Cash and cash equivalents		717,050	1,703,997
Trade and other receivables		70,582	126,614
Inventories		187,348	283,693
Other assets		111,989	140,644
<b>Total Current Assets</b>		<b>1,086,969</b>	<b>2,254,948</b>
<b>NON-CURRENT ASSETS</b>	7		
Property, plant and equipment		22,149,425	21,123,509
Intangible assets		2,501,303	2,315,650
Deferred tax assets		87,256	112,163
<b>Total Non-Current Assets</b>		<b>24,737,984</b>	<b>23,551,322</b>
<b>TOTAL ASSETS</b>		<b>25,824,953</b>	<b>25,806,270</b>

	Notes	2007 \$	2006 \$
<b>CURRENT LIABILITIES</b>	8		
Trade and other payables		1,504,229	1,550,098
Borrowings		250,000	800,000
Provisions		334,686	428,249
Tax liabilities		0	35,295
<b>Total Current Liabilities</b>		<b>2,088,915</b>	<b>2,813,642</b>
<b>NON-CURRENT LIABILITIES</b>	9		
Trade and other payables		55,419	103,035
Borrowings		0	250,000
Provisions		188,356	236,359
Other liabilities		2,180,000	2,180,000
Deferred tax liabilities		43,337	111,380
<b>Total Non-Current Liabilities</b>		<b>2,467,112</b>	<b>2,880,774</b>
<b>TOTAL LIABILITIES</b>		<b>4,556,027</b>	<b>5,694,416</b>
<b>NET ASSETS</b>		<b>21,268,926</b>	<b>20,111,854</b>
<b>MEMBERS' EQUITY</b>			
Retained earnings		20,509,505	19,352,433
Reserves	11	759,421	759,421
<b>TOTAL MEMBERS' EQUITY</b>		<b>21,268,926</b>	<b>20,111,854</b>

This balance sheet should be read in conjunction with the accompanying notes.

## income statement for year ended june 30th 2007

	Notes	2007 \$	2006 \$
Revenue From Continuing Operations	2	18,964,254	18,352,056
Expenses From Continuing Operations	3	(17,714,148)	(17,427,274)
Finance Costs	3	(54,915)	(123,971)
<b>Profit Before Income Tax</b>		<b>1,195,191</b>	<b>800,811</b>
Income Tax Expense	4	(38,119)	(45,522)
<b>Profit Attributable to Members of the Company</b>		<b>1,157,072</b>	<b>755,289</b>

These financial statements should be read in conjunction with the accompanying notes.

## statement of changes in equity for year ended june 30th 2007

	Notes	Retained Earnings \$	Asset Revaluation Reserve \$	Total Equity \$
<b>Balance at 1 July 2005</b>	18	18,597,144	0	18,597,144
Profit for the year		755,289	0	755,289
Revaluation increments/(decrements)	11	0	759,421	759,421
<b>Balance at 30 June 2006</b>		<b>19,352,433</b>	<b>759,421</b>	<b>20,111,854</b>
Profit for the year		1,157,072	-	1,157,072
<b>Balance at 30 June 2007</b>		<b>20,509,505</b>	<b>759,421</b>	<b>21,268,926</b>
Impact of correction of prior period errors on retained earnings	18	619,440	-	619,440

This statement of changes in equity should be read in conjunction with the accompanying notes.



# cash flow statement

for year ended june 30th 2007

	Notes	2007 \$	2006 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from customers		18,923,268	18,228,631
Interest received		106,157	53,761
Payments to suppliers and employees		(16,470,983)	(15,769,278)
Income tax paid		(132,641)	0
Interest and other costs of finance		(54,915)	(123,971)
<b>Net Cash Inflow From Operating Activities</b>	10	<b>2,370,886</b>	<b>2,389,143</b>
<b>Cash Flows From Investing Activities</b>			
Payments for intangible assets		(185,653)	0
Payments for property, plant & equipment		(2,419,276)	(1,030,500)
Proceeds on disposal of property, plant & equipment		47,096	0
<b>Net Cash Outflow From Investing Activities</b>		<b>(2,557,833)</b>	<b>(1,030,500)</b>
<b>Cash Flows From Financing Activities</b>			
Repayment of borrowings		(800,000)	(800,000)
<b>Net Cash Outflow From Financing Activities</b>		<b>(800,000)</b>	<b>(800,000)</b>
Net increase/(decrease) in cash & cash equivalents held		(986,947)	558,643
Cash and cash equivalents at the beginning of the financial year		1,703,997	1,145,354
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>717,050</b>	<b>1,703,997</b>

This cashflow statements should be read in conjunction with the accompanying notes

## notes to the financial statements

for year ended june 30th 2007

### note 1 - significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Ballina RSL Club Limited (the company) as a single entity which is a company limited by guarantee, incorporated under the Corporations Act 2001 and domiciled in Australia. The financial report was authorised for issue by the directors on the 23rd August 2007.

The financial report complies unreservedly with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Application of AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### Basis of Preparation

The financial report is presented in Australian dollars.

The financial report is prepared on an accrual basis and the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

#### The Going Concern Principle

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

#### Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### a) Income Tax

Income tax payable is calculated using the Waratah formula which determines the taxable income for mutual entities.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences.

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profits nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

##### b) Property, Plant and Equipment

###### Property

All such assets are recorded at cost and are depreciated by the straight-line method so as to write-off their cost progressively over the estimated remaining useful life to the company. The estimated useful life of each property asset is:

Buildings	50 years
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###### Plant and Equipment

All such assets are carried at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Fair value was determined by an independent valuer.

The estimated useful life of each plant and equipment asset classification is:

Furniture and Fittings	10 years
Poker Machines	5 years
Plant and Equipment	7 years
Motor Vehicles	6 years

##### c) Impairment

The carrying amounts of the company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

###### Calculation of Recoverable Amount

The recoverable amount of property, plant and equipment is the greater of their fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

###### Reversals of Impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents also include bank overdrafts that are repayable on demand and form an integral part of the company's cash management. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.





## e) Revenue

### Financial Assistance

Financial assistance received is recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be compiled with.

### Goods Sold

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

### Rendering of Services

Revenue from sale of services is recognised in the period in which the service is provided. Amounts disclosed as revenue are net of returns, allowances and duties.

### Interest Revenue

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

## f) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the cash flows have been discounted to their present value as at reporting date.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised where it is probable the recovery will be received and the amount can be reliably measured.

## g) Significant Revenues and Expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

## h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST is incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the costs of acquisition of the assets or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable, or payable to, the ATO is included as a current asset or liability in the balance sheet. Operating cash flows are included in the cash flow statement on an overall gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## i) Trade and Other Receivables

Trade receivables are recognised at their cost less impairment losses and a sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer. All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

## j) Trade and Other Payables

Trade and other payables represent goods and services provided to the company prior to balance date. The accounts are usually settled on the supplier's trading terms. Payables to related parties are carried at cost.

## k) Financial Liabilities

Financial liabilities consist of interest-bearing liabilities such as loans which are carried at the principal amount. Interest is charged as an expense as it accrues.

## l) Financial Risk Management

Disclosures of Financial Instruments are made in the notes to the financial statements.

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, trade and other payables and loans.

The main purpose of non-derivative financial instruments is to provide working capital to satisfy the company's objectives. The company does not have any derivative instruments at 30 June 2007.

The company does not have any material exposures to interest rate risk or liquidity risk.

## m) Employee Benefits

### Wages and salaries, sick leave and annual leave

Liabilities for wages and salaries, including non-monetary benefits, vesting sick leave and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Annual leave not expected to be taken by employees within twelve months after balance date is discounted to its present value where material and is also disclosed as a current liability.

### Non-Vesting Sick Leave

The company has not made provision for non-vesting sick leave as the directors believe it is not probable that payment will be required.

### Contributions to Superannuation Plans

Contributions to employee superannuation plans are charged as an expense as the contributions are paid and become payable.

### Long service leave

The liability for long service leave is recognised in the provision for employee benefits 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## n) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The directors evaluate estimates and judgments 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.

### Key estimates — Impairment

The company 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. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## o) Intangibles

### Poker Machine Entitlements – Government Grant

Poker machine entitlements were granted to the company by the NSW government prior to 1 July 2004 and will remain current until such time as the company disposes of its entitlements or there is an amendment to the NSW government legislation. On this basis, poker machine entitlements are assessed as being intangible assets with an indefinite useful life and have not been amortised.

Poker machine entitlements have been recognised in the balance sheet at their fair value at the date of the grant which has been deemed to be their cost as at 1 July 2004. The entitlements have been recognised in the balance sheet as an intangible asset with an offsetting deferred income liability which represents the value of the government granted entitlement. Poker machine entitlements continue to be carried at cost in the balance sheet and are subject to an annual impairment test.

## p) Changes in Accounting Policies

The following Australian Accounting Standards issued or amended are applicable to the Club but are not yet effective for the 2007 financial year and have not been adopted in preparation of the financial statements at reporting date. The impact of each Accounting Standard on the Club's financial reporting in future periods is considered immaterial.

AASB	Title
7	Financial Instruments: Disclosure
101	Presentation of Financial Statements
107	Cash Flow Statements
108	Accounting Policies, Changes in Accounting Estimates and Errors
110	Events After Balance Sheet Date
112	Income Tax
116	Property, Plant and Equipment
123	Borrowing Costs
132	Financial Instruments: Presentation
136	Impairment of Assets
139	Financial Instruments: Recognition and Measurement
2007-3	Amendments to Various Accounting Standards
2007-4	Amendments to Various Accounting Standards
2007-6	Amendments to Various Accounting Standards
2007-7	Amendments to Various Accounting Standards



# notes to the financial statements

for year ended june 30th 2007

## note 2 – revenue

	2007 \$	2006 \$
<b>Operating Revenue From Continuing Operations</b>		
i) Sale of Goods		
Bar	2,755,095	2,715,293
Bottleshop	445,832	651,155
Butcher Shop	431,232	485,459
Catering	3,545,262	3,460,418
	<u>7,177,421</u>	<u>7,312,325</u>
ii) Services		
Entertainment	149,981	119,199
Keno commissions	155,175	136,074
Membership subscriptions	170,666	153,828
Other commissions	29,695	42,082
Other revenue	39,773	32,270
Poker machine revenue	10,338,051	9,663,205
Raffle / Bingo revenue	399,721	399,599
Rebates	29,134	28,712
Room & equipment hire	71,786	89,748
Sub club revenue	156,777	206,498
TAB commissions	26,158	22,384
	<u>11,566,917</u>	<u>10,893,599</u>
<b>Non-Operating Revenue</b>		
Apprentice and trainee incentives	31,500	63,791
Interest	106,157	53,761
Other revenue	13,768	2,540
Proceeds from insurance claim	68,491	26,040
	<u>219,916</u>	<u>146,132</u>
<b>Total Revenue From Continuing Operations</b>	<b><u>18,964,254</u></b>	<b><u>18,352,056</u></b>

## note 3 – profit from continuing operations

	2007 \$	2006 \$
Profit from continuing operations has been determined after:		
Expenses from continuing operations - by nature:		
Administration	556,768	656,049
Donations	137,112	133,018
Electricity and gas	379,955	367,889
Operating lease rentals	12,012	172,661
Finance costs	54,915	123,971
Insurance expenses	478,694	511,154
Loss on disposal of plant and equipment	118,530	0
Member entertainment and promotions	1,498,194	1,419,461
Employee costs	6,144,901	6,082,062
Maintenance and cleaning	936,496	873,737
Poker machine taxes and monitoring	2,458,365	2,017,799
Occupancy costs	213,486	208,678
Depreciation expense		
Buildings	150,000	150,000
Poker machines	623,214	538,720
Plant & equipment	454,520	643,988
	<u>14,217,162</u>	<u>13,899,187</u>
Cost of goods sold	3,551,901	3,652,058
<b>Total Expenses From Continuing Operations</b>	<b><u>17,769,063</u></b>	<b><u>17,551,245</u></b>

	2007 \$	2006 \$
Auditors Remuneration		
Amounts received, or due and receivable, by the Auditor for:		
- Auditing the Financial Report	15,000	17,000
- Other Services	2,748	3,004
	<u>17,748</u>	<u>20,004</u>

Other services consist of assistance in preparing the financial report and the annual income tax return.

## note 4 – income tax

	2007 \$	2006 \$
The prima facie tax on profit from continuing operations is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from continuing operations before income tax at 30%	358,557	240,243
Tax effect of non-deductible and non-assessable items	(320,438)	(194,721)
Income tax attributable to profit from continuing operations	<u>38,119</u>	<u>45,522</u>
The income tax expense comprises amounts set aside to:		
Provision for income tax	81,255	34,995
Deferred tax liabilities	(68,043)	19,961
Deferred tax assets	24,907	(9,734)
	<u>38,119</u>	<u>45,222</u>
Applicable weighted average effective tax rate	3.19%	5.65%

## note 5 – key management personnel

a) Key Management Personnel who held office during the course of the financial year are disclosed in the Directors' Report. Key Management Personnel also include specified executives.

b) Key Management Personnel Compensation

The compensation of key personnel is based on a number of factors including length of service, experience of the individual concerned and performance of a section or all of the company. The employment conditions of specified executives are formalised in employment contracts.

	Short Term Benefits		Post Employment Benefits	Total
	Salaries \$	Non-cash Benefits \$	Super \$	
Total Compensation 2007	663,101	12,474	75,381	750,956
Total Compensation 2006	460,411	15,044	65,633	541,088

No member of the company's Board of Directors' is entitled to receive any remuneration.

## note 6 – current assets

	2007 \$	2006 \$
<b>Cash and Cash Equivalents</b>		
Cash on hand	396,304	359,942
Cash at bank		
Current account	287,719	1,234,697
Investment account	33,027	109,358
	<u>717,050</u>	<u>1,703,997</u>





	2007 \$	2006 \$
<b>Trade and Other Receivables</b>		
Trade debtors	47,897	33,921
Income tax receivable	16,091	0
Other receivables	6,594	92,693
	<b>70,582</b>	<b>126,614</b>
<b>Inventories</b>		
Finished goods - at cost		
Beverage	97,699	160,661
Butcher shop	25,328	38,662
Catering	54,816	68,377
Other	9,505	15,993
	<b>187,348</b>	<b>283,693</b>
<b>Other Assets</b>		
Prepayments	<b>111,989</b>	<b>140,644</b>

### note 7 – non-current assets

	2007 \$	2006 \$
<b>Property Plant and Equipment</b>		
Land at cost	8,800,000	8,800,000
Buildings at cost	12,475,313	10,380,792
Less: accumulated depreciation	(2,794,546)	(2,644,546)
	9,680,767	7,736,246
Plant, equipment, furniture & fittings at valuation	15,361,161	15,220,932
Less: accumulated depreciation	(11,692,503)	(10,633,669)
	3,668,658	4,587,263
Total Property, Plant and Equipment	<b>22,149,425</b>	<b>21,123,509</b>

#### (i) Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land & Buildings \$	Plant, Equipment, Furniture & Fittings \$	Total \$
Opening balance	16,536,246	4,587,263	21,123,509
Additions	2,094,521	312,930	2,407,451
Disposals	0	(180,249)	(180,249)
Depreciation expense	(150,000)	(1,077,734)	(1,227,734)
Depreciation w/back on disposal	0	26,448	26,448
Carrying amount at the end of year	<b>18,480,767</b>	<b>3,668,658</b>	<b>22,149,425</b>

(ii) An independent valuation of plant & equipment was undertaken as at 30 June 2006. The effect of revaluing the plant and equipment was an increase to the asset revaluation reserve of \$759,421. Valuations were determined by reference to a market for the same or similar plant and equipment.

	2007 \$	2006 \$
<b>Intangible Assets</b>		
Gaming machine entitlements	2,501,303	2,315,650
<b>Deferred Tax Assets</b>	<b>87,256</b>	<b>112,163</b>
Deferred tax assets comprise:		
<b>Provisions</b>	85,826	110,261
Trade and Other Payables	1,431	1,902
	<b>87,256</b>	<b>112,163</b>

The movement in deferred tax assets for each temporary difference during the year is as follows:

	2007	2006
<b>Provisions</b>		
Opening balance	110,261	102,429
Credited to income account	(24,435)	7,832
Closing Balance	<b>85,826</b>	<b>110,261</b>

	2007 \$	2006 \$
<b>Trade and Other Payables</b>		
Opening balance	1,902	0
Credited to income account	(471)	1,902
Closing Balance	<b>1,431</b>	<b>1,902</b>

### note 8 – current liabilities

	2007 \$	2006 \$
<b>Trade and Other Payables</b>		
Trade creditors and accruals	729,892	754,669
Other payables	65,249	33,964
Net GST payable	121,794	295,613
Subscriptions received in advance	93,300	52,636
Employee benefits - annual leave	493,994	413,216
	<b>1,504,229</b>	<b>1,550,098</b>
<b>Borrowings</b>		
Bank loans - secured	<b>250,000</b>	<b>800,000</b>
<b>Provisions</b>		
Employee benefits	328,991	423,225
Mortality fund	5,695	5,024
	<b>334,686</b>	<b>428,249</b>
<b>Tax Liability</b>		
Income tax payable	<b>0</b>	<b>35,295</b>
Rollforward of Provisions		
Long-term Employee Benefits	\$ 533,664	\$ 101,359
Mortality Fund	\$ (108,591)	\$ 3,810
Opening balance	533,664	101,359
Additional provisions raised during the year	(108,591)	3,810
Amounts paid	(60,063)	(6,600)
Closing balance	<b>365,010</b>	<b>98,569</b>

### note 9 – non-current liabilities

	2007 \$	2006 \$
<b>Trade and Other Payables</b>		
Subscriptions received in advance	<b>55,419</b>	<b>103,035</b>
<b>Borrowings</b>		
Bank loans - secured	0	<b>250,000</b>
<b>Provisions</b>		
Employee benefits		
Long service leave	95,482	140,024
Mortality fund	92,874	96,335
	<b>188,356</b>	<b>236,359</b>
<b>Other liabilities</b>		
Gaming machine entitlements	<b>2,180,000</b>	<b>2,180,000</b>
<b>Deferred Tax Liabilities</b>		
Consisting of:		
Property, plant and equipment	43,337	111,380
Opening balance	111,380	91,419
Charged to the income statement	(68,043)	19,961
Closing Balance	<b>43,337</b>	<b>111,380</b>



# notes to the financial statements

for year ended june 30th 2007

## note 10 – notes to the cash flow statement

### (i) Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows;

	2007 \$	2006 \$
Cash on Hand	396,304	359,942
Cash at Bank	320,746	1,344,055
	<b>717,050</b>	<b>1,703,997</b>

### (ii) Financing Facilities

The Company has access to a stand-by overdraft facility of \$350,000 that expires on 31 December 2007.

### (iii) Reconciliation of Net Cash Provided by Operating Activities to Operating Profit After Income Tax

	2007 \$	2006 \$
Operating profit after income tax	1,157,072	755,289
Depreciation	1,227,734	1,332,708
Loss on disposal of property, plant & equipment	118,530	0
(Increase) / Decrease in receivables	72,123	(62,014)
(Increase) / Decrease inventories	96,345	20,455
(Increase) / Decrease in prepayments	28,655	31,168
(Increase) / Decrease in deferred tax assets	24,907	(9,734)
Increase / (Decrease) in trade creditors & accruals	87,286	583,522
Increase / (Decrease) in GST payable	(173,819)	26,794
Increase / (Decrease) in subscriptions in advance	(6,952)	(7,650)
Increase / (Decrease) in employee entitlements	(138,776)	(331,511)
Increase / (Decrease) in income tax payable	(51,386)	35,295
Increase / (Decrease) in mortality fund	(2,790)	(5,140)
Increase / (Decrease) in deferred tax liabilities	(68,043)	19,961
	<b>2,370,886</b>	<b>2,389,143</b>

### (iv) Restricted Cash Assets

Included in the Club's cash and cash equivalent assets are monies relating to various sub-clubs. These monies are maintained by the Club, however they are to be used to progress the activities of each sub-club.

<b>78,047</b>	<b>84,126</b>
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## note 11 – reserves

### Asset Revaluation Reserve

Opening balance	759,421	0
Increase / (decrease) to reserve	0	759,421
Closing balance	<b>759,421</b>	<b>759,421</b>

The asset revaluation reserve is used to record the movement in fair value of plant and equipment on revaluation.

## note 12 – segment reporting

### Early Adoption AASB 8 Segment Reporting

Australian Accounting Standard AASB 8 "Segment Reporting" has been revised. The revised Standard applies to for-profit entities whose debt or equity instruments are traded in a public market or that files, or is in the process of filing, its financial statements with a securities

commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. As a result, the revised Standard no longer applies to Ballina RSL Club Limited. The revised Standard applies to reporting periods commencing on or after 1 January 2009 however the directors have resolved to adopt the revised Accounting Standard effective from 1 July 2006. The result of early adoption is that the Club is no longer required to disclose financial performance and position by geographic or business segments. Omnibus Standard 2007-3 makes consequential amendments to other Standards as a result of the issue of the revised AASB 1008 and the directors have also resolved to adopt this Standard effective 1 July 2006.

## note 13 – security

### Bank Loans

Borrowings from National Australia Bank Limited are secured by a registered mortgage over the club's property located at Canal Road, Ballina and 236-240 River Street Ballina, and a registered equitable mortgage over the whole of its assets and undertakings.

## note 14 - capital and expenditure commitments

### Capital Commitments

As at balance date the company had entered into contractual arrangements the redevelopment of the ground floor of its River Street premises. The value of uncompleted works as at 30 June 2007 was \$5,098,197.

### Expenditure Commitments

At balance date the club had not entered into any material expenditure contracts.

## note 15 - related party information

- Directors who held office during the course of the financial year are disclosed in the Directors' Report.
- There were no transactions with Directors during the financial year.

## note 16 - company details

The registered office and the principal place of business of the company is located at 240 River Street, Ballina, NSW.

## note 17 - events subsequent to reporting date

No matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

## note 18 - correction of prior period errors

The comparatives for the 2007 financial report have been adjusted in accordance with Australian Accounting Standards for the following items:

	Impact on Profit After Tax 30 June 2006 \$	Impact on Retained Earnings 30 June 2005 \$
Profit as per 2006 financial report	716,710	
Opening balance		17,977,704
<i>Adjustment to comparative balances</i>		
i) Reduction to mortality fund liability	225,731	
ii) Transfer gaming licenses to unearned revenue	0	(2,130,000)
iii) Transfer of asset revaluation reserves to retained earnings	0	2,488,810
iv) Recognition of income tax temporary differences	0	11,010
v) Increase intangibles carrying value	0	41,650
vi) Write-down promotional stock	0	(17,761)
vii) Adjustment to Long Service Leave	31,134	0
iv) Adjustment to Income Tax Expense	7,445	0
	<b>38,579</b>	<b>619,440</b>
	<b>755,289</b>	<b>18,597,144</b>





#### i) Mortality Fund Liability

In prior reporting periods the Club had not discounted its mortality fund liability to its present value as required by Australian Accounting Standards. In 2007, the Club employed an actuary to calculate the discounted liability as at 30 June 2006 and 2007. Comparatives for the 2006 financial report have been amended in accordance with Australian Accounting Standards to reflect the revised liability balances as at the abovementioned dates. The impact of amending the 2006 comparatives was to increase retained earnings by \$232,575 and reduce the mortality liability by same.

#### ii) Poker Machine Licenses

On the introduction of AIFRS the Club was required to recognise unearned revenue relating to the acquisition of poker machine licenses by way of government grant. In the 2006 financial report the value of the unearned revenue recognised at 1 July 2004 was recognised as equity. The comparative information to the 2007 financial report has been adjusted to reflect the acquisition of licenses as at 1 July 2004 by transferring the value of \$2,130,000 from equity to a non-current liability representing unearned revenue.

#### iii) Asset Revaluation Reserves

On the introduction of Australian equivalents to International Financial Reporting Standards on 1 July 2004 the club elected to value land and buildings at deemed cost. The asset revaluation reserves relating to land and buildings existing at 1 July 2004 were not transferred to retained earnings. The comparative information in the 2007 financial report has been adjusted to reduce the asset revaluation reserve by \$2,488,810 as at 1 July 2004 and increase retained earnings by same.

#### iv) Income Tax

In prior reporting periods the Club had not recognised the tax effective value of temporary differences in accordance with Australian Accounting Standard 112 "Income Taxes". The Club has retrospectively adjusted the financial report to recognise deferred tax assets and liabilities. The impact of these adjustments was to have been reflected in the following manner:

	Profit 2006 \$	Retained Earnings June 2005 \$
Recognition on deferred tax assets	9,734	102,429
Reduction to income tax payable	17,671	
Recognition of deferred tax liabilities	(19,960)	(91,419)
	<b>7,445</b>	<b>11,010</b>

#### v) Intangible Assets

The value of intangibles in prior years has been increased by \$41,650 to reflect the value of the gaming licenses on hand as at 1 July 2004 on the introduction of Australian equivalents to International Financial Reporting Standards. The increase to the value of intangibles has resulted in an adjustment to increase retained earnings by \$41,650 as at 1 July 2004.

#### vi) Promotional Items

In prior periods the club had been carrying the value of promotional items as inventory. Promotional items do not satisfy the definition of inventory under Australian Accounting Standards and comparative information has been adjusted to reduce the carrying amount of promotional items to nil. This write-down of the inventory value resulted in a reduction in retained earnings as at 1 July 2005 of \$17,760.

#### vii) Long Service Leave Liability

The audit of the long service leave liability calculated as at 30 June 2006 identified a variance to the amount disclosed in the 2006 financial report. This amount was adjusted by increasing the profit before tax for 2006 by \$34,117 and reducing the long service leave liability by same.

#### Other Prior Period Adjustments

##### Capital Losses

In prior periods the Club has purchased additional gaming licenses. When acquiring gaming licenses the Club must transfer one license to the NSW Government for every three licenses purchased. The value of the license transferred to the NSW Government in prior periods was accounted for as a capital loss at the time of the transfer. At the end of each financial year the loss recognised on transferring each license was transferred to a capital loss reserve in equity. This accounting treatment is not in accordance with Australian Accounting Standards and should have been accounted for as part of the acquisition price for those licenses retained by the Club. As a result of the above the value of intangible assets has been increased by \$105,884 and capital loss reserves have been reduced by same.

### note 19 - financial instruments

30 June 2007							
Floating Interest Rate \$	1 year or less	1 to 5 years	More than 5 years	Non Interest Sensitive \$	Total Carrying Amount \$	Effective Interest Rate %	
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash at bank	287,719	33,027	-	-	320,746	3.98%	
Cash on hand	-	-	-	396,304	396,304		
Trade and other receivables	-	-	-	70,582	70,582		
<b>Non-Financial Assets</b>							
Inventories	-	-	-	187,348	187,348		
Property, plant, equipment	-	-	-	22,149,425	22,149,425		
Intangible assets	-	-	-	2,501,303	2,501,303		
Deferred tax assets	-	-	-	87,256	87,256		
Other assets	-	-	-	111,989	111,989		
	<b>287,719</b>	<b>33,027</b>		<b>25,504,207</b>	<b>25,824,953</b>		

#### LIABILITIES

##### Financial Liabilities

Trade and other payables	-	-	-	1,410,929	1,410,929		
Borrowings	250,000	-	-	-	250,000	6.61%	

##### Non-Financial Liabilities

Subscriptions in advance	-	-	-	148,719	148,719		
Provisions	-	-	-	523,042	523,042		
Other liabilities	-	-	-	2,180,000	2,180,000		
Deferred tax liabilities	-	-	-	43,337	43,337		

	<b>250,000</b>			<b>4,306,027</b>	<b>4,556,027</b>		
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30 June 2006							
Floating Interest Rate \$	1 year or less	1 to 5 years	More than 5 years	Non Interest Sensitive \$	Total Carrying Amount \$	Effective Interest Rate %	
<b>ASSETS</b>							
<b>Financial Assets</b>							
Cash at bank	1,234,697	109,358	-	-	1,344,055	4.25%	
Cash on hand	-	-	-	359,942	359,942		
Trade and other receivables	-	-	-	126,614	126,614		
<b>Non-Financial Assets</b>							
Inventories	-	-	-	283,693	283,693		
Property, plant, equipment	-	-	-	21,123,509	21,123,509		
Intangible assets	-	-	-	2,315,650	2,315,650		
Deferred tax assets	-	-	-	112,163	112,163		
Other assets	-	-	-	140,644	140,644		
	<b>1,234,697</b>	<b>109,358</b>		<b>24,462,215</b>	<b>25,806,270</b>		

#### LIABILITIES

##### Financial Liabilities

Trade and other payables	-	-	-	1,497,462	1,497,462		
Borrowings	1,050,000	-	-	-	1,050,000	6.18%	
Current tax liability	-	-	-	35,295	35,295		

##### Non-Financial Liabilities

Subscriptions in advance	-	-	-	155,671	155,671		
Provisions	-	-	-	664,608	664,608		
Other liabilities	-	-	-	2,180,000	2,180,000		
Deferred tax liabilities	-	-	-	111,380	111,380		

	<b>1,050,000</b>			<b>4,644,416</b>	<b>5,694,416</b>		
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# independent audit report

to the members of ballina rsl club limited

## Report on the Financial Report

We have audited the accompanying financial report of the Ballina RSL Club Limited (the company), which comprises the balance sheet as at 30 June 2007, the income statement, cash flow statement, statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

## Directors' Responsibility for the Financial Report

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 controls 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. In Note 1 to the financial statements, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## Auditors' 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 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 auditors' judgment, 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 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

As auditor, we are required to be independent of the company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we have followed the independence requirements set out in the Corporations Act 2001.

In addition to our statutory audit work, we have been engaged to undertake other services for the company during the 2007 financial year. In our opinion and that of the company's directors, the provision of these services has not impaired our independence.

The Auditors' Independence Declaration has been provided to the directors as required by the Corporations Act 2001 as at the date of providing this audit opinion.

## Audit Opinion

- (a) In our opinion the financial report of the Ballina RSL Club Limited is in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance and cash flows for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.

Dated at Lismore this 23rd day of August 2007.

**K R FRANEY** (Partner)

Registered Company Auditor

Thomas Noble & Russell

Chartered Accountants

# auditor's independence declaration

## auditor's independence declaration

### under section 307c of the corporations act 2001

This declaration is made in connection with our audit of the financial report of Ballina RSL Club Limited for the year ended 30 June 2007 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

**K R FRANEY** (Partner)

Registered Company Auditor

Thomas Noble & Russell

Chartered Accountants

Lismore, 23 August 2007

